



Department of Commerce
Innovation is in our nature.

Washington State

2010-2014 Consolidated Plan

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Part II: 2010 Action Plan

Draft for Public Comment
September, 2009

Washington State Department of Commerce

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The Washington State Department of Commerce extends its thanks to the many stakeholders who participated in the consolidated planning process, including staff at other state agencies, local government officials, nonprofit and advocacy organizations, businesses and individual citizens.

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The 2010 Action Plan describes how Washington State will use formula funds from the U.S. Department of Housing and Urban Development (HUD) to meet affordable housing and community development needs in the first year covered by the 2010-2014 Consolidated Plan.

The Washington State Department of Commerce (formerly the Department of Community, Trade and Economic Development) is the lead agency responsible for developing and implementing the 2010-2014 Consolidated Plan and the following programs:

- State Community Development Block Grant (CDBG)
- Emergency Shelter Grant (ESG)
- HOME Investment Partnerships (HOME)
- Housing Opportunities for Persons With AIDS (HOPWA)

The mission of the Department of Commerce is to grow and improve jobs in Washington State.

The Department of Commerce is grateful for the opportunity to administer these funds on behalf of HUD, our partner local governments, and organizations that implement the projects funded by these resources in communities across the state, and the citizens of Washington.

Structure of the 2010 Action Plan

Readers familiar with past action plans will notice a difference in how the 2010 Action Plan is organized. The 2010 Action Plan was developed using the Consolidated Plan Management Process tool (CPMP), a HUD-produced template for use by state and local jurisdictions to facilitate the planning process and ensure all planning requirements are met. Using the CPMP tool reduces the cost of developing a consolidated plan, ensuring funds are spent on program activities rather than administration to the greatest extent possible.

The plan's structure is based on the narrative template included in the CPMP tool, which contains the following sections:

- General
- Housing
- Homeless
- Community development
- Non-homeless special needs

Each section begins with a cover page listing the topics included in the section. Within each topic are prompts provided by HUD that correspond to sections of the [Consolidated Plan Final Rule, 24 CFR Part 91](#). HUD prompts are presented on their own pages, *italicized and colored blue*. The Department of Commerce's responses follow each prompt.

Summary of Changes

Based on an evaluation of program performance and stakeholder consultation, the following program changes will be implemented in 2010:

- CDBG program application and award cycles for 2010 will be adjusted to better align the award of local grants with the state's receipt of HUD funds. Recent changes in HUD's Integrated Disbursement Information System (IDIS) impact when the state can access the federal funds. This timing makes it difficult to commit to funding activities in the early part of the year. The schedule for each CDBG fund is outlined in the individual fund sections of the 2010 Action Plan.
- The CDBG program will provide additional outreach and opportunity to fund local microenterprise assistance programs through the 2010 General Purpose Grant fund.
- The state's Citizen Participation Plan was revised to reflect the use of survey technology in the participation process. Using survey technology *more than doubled* the rate of participation in the 2010-2014 planning process compared to the 2004-2009 planning process.
- The 2010-2014 Consolidated Plan and 2010 Action Plan were developed using the Consolidated Plan Management Process tool (CPMP), a HUD-produced template for use by state and local jurisdictions to facilitate the planning process and ensure that all planning requirements are met.

Summary of Citizen Participation and Consultation

The Department of Commerce conducted the following outreach activities to provide internal and external stakeholders, and the public, the opportunity to comment on the draft 2010 Action Plan:

- Sent email notices to low-income housing advocates and organizations, CDBG-eligible cities and counties, HOME consortiums, and interested others.
- Published public notices announcing the public hearings, 30-day comment period and availability of the draft 2010 Action Plan in two regional newspapers.
- Posted the draft 2010 Action Plan on the Department of Commerce website and made it available upon request in alternative formats.
- Distributed the draft 2010 Action Plan to the state's 31 community action agencies for public review.

Citizen comments and responses will be summarized in the final 2010 Action Plan. Please see the final 2010-2014 Consolidated Plan for a summary of citizen participation and consultation activities in the planning process as a whole.

Evaluation of Past Performance

The state CDBG program is on track to obligate its entire 2009 HUD award of over \$15 million, in accordance with the 2009 CDBG Action Plan. Grant agreements have been executed with eligible rural local governments to implement construction, planning and public service activities that principally benefit low- and moderate-income persons. Along with the successful implementation of its 2009 CDBG Action Plan, in 2009 the state CDBG program also implemented several initiatives in partnership with HUD, to further address housing and community development objectives under the changing economy:

- Began implementation of the state Neighborhood Stabilization Program under the Housing and Economic Recovery Act of 2008 (HERA), distributing over \$28 million to jurisdictions across the state facing impacts on neighborhoods due to high foreclosure rates.
- Applied to HUD for a Neighborhood Stabilization Program 2 grant under the American Recovery and Reinvestment Act of 2009 (ARRA) to continue and expand the state and local government's efforts to address the decline of neighborhoods facing high foreclosure rates.
- Received over \$4 million in CDBG recovery funds from HUD under the American Recovery and Reinvestment Act of 2009 (ARRA) and allocated these funds to six rural construction projects across the state to provide immediate job creation, promote energy efficiency, and improve essential public and community facilities to lay the foundation for Washington's 21st Century.
- Implemented the new version of HUD's Integrated Disbursement and Information System (IDIS), which collects program data and allows transfer of federal funds to grant recipients.

The HOME, ESG and HOPWA programs continue to provide the majority of available resources to the most vulnerable households – those earning less than 30 percent of the area median income. Assistance provided to these extremely low-income households increased from 73 percent of available funds in 2007 to 89 percent in 2008.

The Department of Commerce continues to ensure that adequate HOME Program funds are awarded to Community Housing Development Organizations (CHDO's) statewide. Almost 71 percent of the total HOME funds awarded during 2008, for example, were awarded to projects developed, sponsored and/or owned by CHDO's. This number far exceeds the 15 minimum CHDO threshold required by HUD.

The Washington Balance of State Continuum of Care (CoC), lead by the Department of Commerce, was able to increase services to its homeless population in recent years. CoC

efforts also emphasize services to those subpopulations with significant barriers and special needs.

Anticipated Resources

Table I lists anticipated HUD funds for 2010 by program. Actual funding levels for each program will be awarded by HUD at a future date.

Table I: Anticipated 2010 HUD Funds by Program

Program	Anticipated Funds
Community Development Block Grant (CDBG)	\$15,479,000
Emergency Shelter Grant (ESG)	\$1,370,843
HOME Investment Partnerships (HOME) program	\$10,248,322
Housing Opportunities for Persons With AIDS (HOPWA)	\$671,500

The Department of Commerce also leverages other federal, state and local resources to meet state housing and community development priorities. More information is available in the General Questions section of the 2010 Action Plan and at www.commerce.wa.gov.

Outcome Objectives

Program activities must further the HUD goal of developing viable urban communities by providing decent housing, a suitable living environment and expanding economic opportunities for low- and moderate income persons. HUD regulations also establish three objectives: sustainability, affordability and availability/accessibility. An outcome must meet at least one national goal and one objective.

Local governments are responsible for prioritizing projects to meet the greatest need in their communities and applying for funding from the HOME, ESG, HOPWA and CDBG programs. Therefore, actual program outcomes over the long term depend on the types of projects local governments propose.

Affordable Housing

Table II estimates affordable housing outcomes for 2010 by program. For additional information, please see the 2010-2014 Consolidated Plan.

Table II: Estimated 2010 Affordable Housing Outcomes

National Goal and Objective	Expected Outcomes by Program, 2010	Description
<u>Decent Housing</u>		
Affordability, Sustainability & Availability/accessibility	HOME GP: 75 households	Support access to affordable and special needs housing in collaboration with the Housing Trust Fund and other funders
Availability/accessibility	CDBG: 75 households	Support access to affordable and special needs housing in collaboration with the Housing Trust Fund
Sustainability	CDBG: 25 households	Maintain housing stock by rehabilitating single family occupancy housing
Affordability	TBRA: 1,200 households HOPWA: 334 households	Create/preserve affordable housing and provide rental assistance
<u>Suitable Living Environment</u>		
Availability/accessibility	ESG: 20,000 persons	Provide emergency shelter and services

Community Development

Table III estimates non-housing community and economic development outcomes for the CDBG program for 2010. For additional information, please see the 2010-2014 Consolidated Plan.

Table III: Estimated 2010 Community Development Outcomes

National Goal and Objective	Expected Outcomes, 2010	Description
<u>Suitable Living Environment</u>		
Availability/accessibility	50,000 persons	Access to new or expansion of existing water, sewer, and street systems
Availability/accessibility	200,000 persons	Increase access to new or expanded services by funding community facilities and direct services
Sustainability	100,000 households	Improvements and repairs to existing water, sewer, and street systems
<u>Expand Economic Opportunity</u>		
Availability/accessibility	80 jobs	Fund new or expanded infrastructure in support of economic development or microenterprise assistance to create/retain jobs
Sustainability	27 jobs	Fund infrastructure improvements in support of economic development, including loans to eligible private businesses to create/retain jobs

SECTION 1: GENERAL

General Questions
Managing the Process
Citizen Participation
Monitoring
Lead-based Paint
Antipoverty Strategy

General Questions

1. *Describe the geographic areas of the jurisdiction (including areas of low income families and/or racial/minority concentration) in which assistance will be directed during the next year. Where appropriate, the jurisdiction should estimate the percentage of funds the jurisdiction plans to dedicate to target areas.*
2. *Describe the basis for allocating investments geographically within the jurisdiction (or within the EMSA for HOPWA) (91.315(a)(1)) during the next year and the rationale for assigning the priorities.*
3. *Describe actions that will take place during the next year to address obstacles to meeting underserved needs.*
4. *Identify the federal, state, and local resources expected to be made available to address the needs identified in the plan. Federal resources should include Section 8 funds made available to the jurisdiction, Low-Income Housing Tax Credits, and competitive McKinney-Vento Homeless Assistance Act funds expected to be available to address priority needs and specific objectives identified in the strategic plan.*

GEOGRAPHIC AREAS OF JURISDICTION

The geographic distinction determining allocation of HOME, ESG, HOPWA and CDBG program funds is between the state's major urban centers and the smaller cities, counties and rural areas of Washington. Major urban centers are funded for one or more program directly by HUD, while smaller cities, counties and rural areas are funded through the Washington State Department of Commerce.

Major Urban Centers

Major urban centers qualify for direct HUD assistance as “participating jurisdictions” for the HOME program, “formula jurisdictions” for the ESG and HOPWA programs, and/or “entitlement jurisdictions” for the CDBG program. Major urban centers, especially the Seattle-Tacoma metropolitan area, often employ experienced housing and community development staff. These communities also benefit from experienced nonprofit housing developers and advocates, who are able to raise local funding and develop innovative projects and programs.

Smaller Cities, Counties and Rural Areas

HOME, ESG, HOPWA and CDBG programs funds distributed by the Department of Commerce are allocated to smaller cities, counties and rural areas, with some limited funding also available for capacity building. Funding for affordable housing and community development in smaller jurisdictions will be made available by:

- Prioritizing HOME Tenant-Based Rental Assistance (TBRA) funds to areas of the state not receiving other HOME funds.
- Using state CDBG funds in non-entitlement jurisdictions (cities and towns with less than 50,000 populations or counties with less than 200,000 populations, unless the jurisdiction belongs to a HUD Urban County Consortium).
- Distributing ESG in areas not directly allocated ESG funds by HUD.
- Using all state HOPWA funds in jurisdictions other than Seattle (which is directly allocated HOPWA funds by HUD).

Targeting Funding

Aside from the distinction between communities that receive funding directly from HUD and the rest of the state, the Department of Commerce does not set aside funds for particular regions. While some geographic areas may have lower overall need than others, every area may have acute and urgent problems that require assistance. Open funding programs using competitive criteria to award funds serve the state best by allowing each community to organize and develop those projects that best meet local needs. To ensure that funds serve communities across the state some programs, including CDBG, limit communities to one application per category of grant per cycle.

For information about areas of the state with concentrations of low-income and racial/minority households, please see the Housing Needs section of the 2010-2014 Consolidated Plan.

ANTICIPATED RESOURCES

While the Department of Commerce administers a variety of federal and state resources to meet housing and community development priorities, the 2010 Action Plan focuses on HUD formula funds. Tables 1 and 2 list anticipated HUD formula funds for 2010, expected program income, and the major federal resources available in the general categories of affordable housing and homeless services, and community and economic development.

In addition to formula funds, Commerce administers HUD funds through the American Recovery and Reinvestment Act of 2009 for the Homelessness Prevention and Rapid Re-Housing Program which will be in operation until 2012. At this printing, the federal appropriations process for HUD programs is not complete. All amounts listed for distribution are estimates and may require adjustment based on actual federal budget allocations

Table 1: Anticipated 2010 HUD Funds for Affordable Housing/Homeless Services

Affordable Housing and Homeless Services	2010 Anticipated Federal Funds
HOME program funds will be used to acquire, repair, rehabilitate, and construct affordable housing and provide rental assistance.	\$10,248,322
Housing Opportunities for People With AIDS (HOPWA) will provide a variety of services including short and long-term rental assistance and operating subsidies to keep rents affordable.	\$671,500
Emergency Shelter Grants (ESG) will provide shelter and services for people who are homeless and use resources to prevent homelessness.	\$1,370,843
Homelessness Prevention and Rapid Re-Housing Program (HPRP) funds will be used for the provision of short-term or medium-term rental assistance (up to 18 months); housing relocation and stabilization services including housing search, mediation or outreach to property owners, credit repair, security or utility deposits, utility payments, rental assistance for a final month at a location, moving cost assistance, and case management; or other appropriate activities for homelessness prevention and rapid re-housing of persons who have become homeless	\$11,000,000 for 3 years
HOME program loan repayments – same uses as HOME program funds.	\$500,000
CDBG Housing Enhancement Grants are flexible companion funds to support priority applications submitted to the Washington State Housing Finance Unit.	\$1,000,000

Table 2: Anticipated 2010 HUD Funds for Community and Economic Development

Community and Economic Development	2010 Anticipated Federal Funds
CDBG General Purpose Grants , with an annual competitive funding cycle and maximum grants of up to \$1,500,000 per application, fund local housing, public facilities, community facilities, or economic development/microenterprise, housing rehabilitation projects principally benefiting low- and moderate-income persons.	\$12,000,000
CDBG Imminent Threat Grants address unique emergencies posing a serious and immediate threat to public health and safety on a funds availability basis.	\$200,000
CDBG Planning-Only Grants fund planning projects that principally benefit low- and moderate-income persons with grants of up to \$35,000 for a single-jurisdiction and \$50,000 for multi-jurisdiction applicants on a funds available basis.	\$400,000
CDBG Public Services Grants are made available through counties to 12 community action agencies serving non-entitlement areas for activities serving low- and moderate-income persons. Funding is provided by formula and administration is coordinated with the state Community Services Block Grant program.	\$1,557,612
The Section 108 Loan Guarantee program pledges future CDBG resources to secure loan guarantees for eligible community and economic development activities.	\$15,000,000
The Rural Washington Loan Fund provides gap financing to small businesses, primarily in economically distressed and timber-impacted areas of the state to create or retain jobs for low- and moderate-income persons.	\$7,200,000
CDBG Float-Funded Activities are fully secured loans made in support of CDBG eligible community and economic development projects. The capital that is made available for Float-Funded Activities comes from unexpended CDBG awards to local governments.	\$15,000,000

Leveraging Match

The Department of Commerce ensures HUD resources partner with other federal, state and local government resources and leverage non-public funds to maximize cost efficiency and to stretch the public dollar.

To meet HOME match requirements, Commerce will evaluate each HOME proposal to ensure a minimum federal subsidy and the effective leveraging of additional resources for project development and on-going operations. Each proposal will be required to describe sources and uses for all project financing and to provide a line-item development budget

and/or an operating pro forma. HOME eligible match sources will be tracked on a project basis and reported annually. Match sources can include state Housing Trust Fund (HTF) and other private and public funds that meet HOME match requirements and when targeted to HOME-eligible activities.

Matching requirements for ESG are met by the state's emergency shelter fund program which is committed to housing and services for the homeless. No match is required for HOPWA.

While the CDBG program has no match requirements, leveraging is strongly encouraged through the rating and selection process used to rank and fund applications for assistance. Funds leveraged by the CDBG program are tracked on a project basis and reported in the annual Performance Evaluation Report (PER) to HUD.

Managing the Process

- 1. Identify the lead agency, entity, and agencies responsible for administering programs covered by the consolidated plan.*
- 2. Identify the significant aspects of the process by which the plan was developed, and the agencies, groups, organizations, and others who participated in the process.*
- 3. Describe actions that will take place during the next year to enhance coordination between public and private housing, health, and social service agencies.*
- 4. Describe actions that will take place during the next year to develop institutional structure.*

LEAD AGENCY RESPONSIBLE FOR ADMINISTERING PROGRAMS

The Washington State Department of Commerce (formerly the Department of Community, Trade and Economic Development) is the state agency responsible for overseeing the development and implementation of the 2010- 2014 Consolidated Plan, including the 2010 Action Plan.

Additional information about the Department of Commerce, including the organizational structure for administering the HOME, CDBG, ESG and HOPWA programs, is provided in the Institutional Structure section of the 2010-2014 Consolidated Plan. The section also describes partnerships between the Department of Commerce and other public and private agencies through which the Consolidated Plan is administered.

PROCESS OF DEVELOPING THE CONSOLIDATED PLAN/2010 ACTION PLAN

Participation from citizens, agencies, advocacy groups, nonprofit organizations, businesses and others concerned with housing and community development in Washington State was encouraged throughout the planning process. Highlights of the process of developing the 2010-2014 Consolidated Plan and 2010 Action Plan include:

- Updating data on affordable housing and community development needs, assisted by the Research Services unit of the Department of Commerce;
- Reviewing studies, reports and strategic plans related to affordable housing and community/economic development that were recently published by state agencies, local governments and nonprofit organizations;
- Surveying affordable housing stakeholders including community action agencies, fair housing agencies, advocacy groups, nonprofit organizations and for-profit housing developers to determine priority housing needs;
- Surveying local government jurisdictions that are eligible for state CDBG program funding to determine priority community and economic development needs;
- Participating in Department of Commerce regional meetings related to the agency's new mission of growing and improving jobs in Washington state;
- Presenting information on the Consolidated Plan and hearing feedback at CDBG application workshops; and
- Holding public hearings in Olympia from 10 a.m. to 12 p.m. on July 8, 2009, and from 1 p.m. to 3 p.m. on July 23, 2009.

ACTIONS TO ENHANCE COORDINATION

The Department of Commerce will continue ongoing efforts to enhance coordination between state agencies, local governments, nonprofit organizations and businesses to

more effectively meet the affordable housing and community development needs of the state. Some ongoing Department of Commerce efforts include:

- Coordinating county and state efforts to reduce homelessness under the *Ten-Year Homeless Plan* through the Interagency Council on Homelessness and by administering programs that support emergency shelters and transitional housing.
- Ongoing strategic planning by the Affordable Housing Advisory Board, a group of stakeholders from local governments, nonprofit organizations, housing developers, mortgage lenders, and low-income and homeless citizens.
- Providing technical assistance and funding for planning, infrastructure and other local needs to communities through the Local Government Division.
- Supporting economic development, tourism and investment activities through the International Trade and Economic Development Division.
- Continuing to reach out to stakeholders across the state as the Department of Commerce explores ways to fulfill the agency's new mission to grow and improve jobs in Washington.

ACTIONS TO DEVELOP INSTITUTIONAL STRUCTURE

CDBG program application and award cycles for 2010 will be adjusted to better align the award of local grants with the state's receipt of HUD funds. Recent changes in HUD's Integrated Disbursement Information System (IDIS) impact when the state can access the federal funds. This timing makes it difficult to commit to funding activities in the early part of the year.

For more information, and the new schedule for each fund, please see the Community Development Priorities and Objectives section of the 2010 Action Plan.

Citizen Participation

- 1. Provide a summary of the citizen participation process.*
- 2. Provide a summary of citizen comments or views on the plan.**
- 3. Provide a summary of efforts made to broaden public participation in the development of the consolidated plan, including outreach to minorities and non-English speaking persons, as well as persons with disabilities.**
- 4. Provide a written explanation of comments not accepted and the reasons why these comments were not accepted.**

** These sections will be written after the public comment period on the draft 2010-2014 Consolidated Plan.*

CITIZEN PARTICIPATION PROCESS

Citizen Participation Plan

The citizen participation requirements for state governments receiving HUD funds are located under 24 CFR 91.115. The participation plan must provide for and encourage citizens to participate in the development of the consolidated plan, any substantial amendments to the consolidated plan, and the performance report. Based on these requirements, the Department of Commerce has established the following procedures for ensuring effective public participation.

Consultation

- Local governments, advisory groups, program stakeholders, other state agencies and interested citizens will be consulted during preliminary development of the Consolidated and Action Plans. They, and others, will also be consulted in the event amendments are necessary to the Consolidated or Action Plans.
- State and federal agencies will be consulted when changes could affect or change the way state managed HUD resources work with existing program structures.

Surveys and Meetings

- When developing the Consolidated Plan or when there are significant proposed changes to policy or program design, the Department of Commerce will conduct surveys, and/or convene focus group(s), workshop(s), or public meeting(s) to seek input.
- If feasible, the Department of Commerce will conduct multiple surveys or meetings to gather broad public comment and input. Surveys will be accessible online. Meetings will be located on both the east and west sides of the state when appropriate and feasible; otherwise the meeting will be held either on the west or east side of the state.
- The meeting location(s) will be barrier-free and a contact person will be specified to provide special accommodations upon request.
- Notices of surveys or meetings will be posted on the Department of Commerce website and distributed 14 calendar days in advance through electronic mail to applicable citizen participation distribution lists maintained by the Housing, Local Government and/or International Trade and Economic Development divisions. Notices of surveys or meetings, when appropriate and feasible, may also be distributed through the mail and published in one or more newspapers of general circulation.

Public Hearings and Publication Information

- At least one public hearing will be conducted on housing and community development needs before the proposed Consolidated Plan is published for comment.
- Public hearing locations will be barrier-free and a contact person will be specified to provide special accommodation to citizens that request it.
- Notices will be posted on the Department of Commerce's website and distributed

through electronic mail to applicable citizen participation distribution lists maintained by the Housing, Local Government, and/or International Trade and Economic Development divisions 14 calendar days in advance of the public hearing. Notices will also be sent by electronic mail to local governments, 14 calendar days in advance of the public hearing and published in at least two regional newspapers of general circulation or business journals, 14 calendar days in advance of the public hearing.

- Notices will describe locations, times, purpose of the public hearing and invite people with special needs to contact a specified person to make appropriate arrangements.
- Generally, public hearings will not be necessary for amendments.
- In the event that a program component is added or eliminated, several non-grammatical changes are needed or the state determines it would benefit from a public hearing, a public hearing or set of public hearings will be conducted by the Department of Commerce, which may be conducted by video conferencing through local video conferencing facilities.

Amendments to the State's Method of Distribution

Amendments to the Consolidated Plan are necessary at least once each year as a means of proposing and updating the state's method of distributing HUD funds. Annual amendments to the state's Consolidated Plan are called the Action Plan. In addition, amendments will be necessary when new funding programs are available and need to be incorporated into the five-year Consolidated Plan prior to implementation. Amendments to the Consolidated Plan will be necessary when:

- Funding amounts are 10 percent more or less than amounts anticipated in the Action Plan or,
- Components of the programs within the Consolidated Plan or Action Plan are proposed to change significantly in scope (such as eliminating a component or changing the method of distribution of funds).

Opportunity to Examine Consolidated Plan or Amendment

- Interested parties will be able to examine a copy of the proposed Consolidated Plan or Amendment via the internet at www.commerce.wa.gov, at the Department of Commerce's office in Olympia or request a copy from a designated contact person. Archived versions will be available in perpetuity at the state library. A copy of the Plan or Amendment will also be posted on the Department of Commerce's website.
- Copies will be made available in a form accessible to persons with disabilities upon request.
- Notices of the availability of the proposed Consolidated Plan or Amendment for review will be posted on the Department of Commerce website and distributed through electronic mail to applicable citizen participation distribution lists maintained by the Housing, Local Government and/or International Trade and Economic Development divisions in advance of the publication of the proposed Plan or Amendment.
- A notice will also be published in at least two regional newspapers of general

circulation or business journals, in advance of the publication of the proposed Consolidated Plan or Amendment.

- Notices will include a summary of the proposed Consolidated Plan or Amendment that describes the contents and purpose of the Consolidated Plan or Amendment, and will include a list of the locations where copies of the entire proposed Consolidated Plan or Amendment may be examined.

Comments on Consolidated Plan and Amendments

- The Department of Commerce will allow at least 30 calendar days for public comment on the proposed Consolidated Plan or Amendment and will consider comments received in writing during the comment period or orally at the public hearing, before preparing the final Consolidated Plan or Amendment.
- The Department of Commerce will respond to each comment received during the public comment period and from the public hearing.
- A summary of these comments or views, and a summary of any comments or views not accepted and the reasons therefore, will be attached to the final Consolidated Plan or Amendment submitted to HUD. Similar comments may be combined, in which case the number of people or organizations that concur with the issue will be specified.

Performance Reports

- Performance Reports will be complete and available for review at least 21 calendar days prior to when they are submitted to HUD.
- Notice of report availability and the name of a contact person will be distributed through electronic mail to applicable citizen participation distribution lists maintained by the Housing, Local Government and/or International Trade and Economic Development divisions.
- The Department of Commerce will allow at least 15 calendar days for public comment and will consider comments received in writing during the comment period, or orally at any public hearing, before submitting the Performance Report to HUD.
- A summary of these comments or views will be attached to the Performance Report submitted to HUD. Similar comments may be combined, in which case the number of people or organizations that concur with the issue, as expressed, will be specified.

Access to Records

Citizens, public agencies, and other interested parties will be provided with reasonable and timely access to information and records relating to the state's Consolidated Plan, all subsequent amendments, and the state's use of assistance under the programs covered by the Consolidated Plan during the preceding five years. Requests for information may be submitted to:

CDBG Program
Department of Commerce
906 Columbia Street Southwest

Post Office Box 42525
Olympia, Washington 98504-2525

Complaints

Written complaints and grievances regarding the Consolidated Plan or its subsequent amendments will be logged in by the appropriate person, then forwarded through the correct channels and monitored for resolution and timely response.

The complaint procedure provides for appropriate program staff to conduct follow-up research, including notification to the jurisdictions/grant recipient/contractor, and to write a response to the complainant. When possible, the complainant will receive a written or oral response within 15 working days.

The complaint may also be treated as an administrative review when the complaint is related to program staff interpretation of program policies or rules. An administrative review may take longer than 15 working days to complete. The complainant will be notified when their complaint is going to receive administrative review and will be provided an estimate of time needed for a response.

Requirements for Local Jurisdictions

The Washington State CDBG program requires that a local government demonstrate within its initial application for funds that it has met the program's citizen participation requirements. Documentation must include the local government's process for seeking and obtaining citizen participation leading up to application submittal, the process for ensuring ongoing citizen participation, and a grievance procedure.

Based on the federal citizen participation requirements outlined in 24 CFR 570.486, the local government's minimum requirements for the submission of a CDBG application are to:

- Conduct at least one public hearing prior to submission of the CDBG application. This hearing must be held at a convenient time and location to encourage citizen participation.
- Publish an official announcement of the hearing, providing reasonable advance notice. A sample public hearing notice with required language is available from the Department of Commerce upon request.
- Distribute information on the availability of CDBG funds and the eligible uses at the public hearing. Sample fact sheets are available from the Department of Commerce upon request.
- Review local demographic data to determine if it is reasonable to expect a significant number of non-English speaking residents to participate in the public hearing and advertise and conduct the public hearing in accordance with this determination. Detailed guidance on providing and documenting outreach and accommodation for non-English speaking residents is provided in the application handbooks and available from the Department of Commerce upon request.
- Adopt a grievance procedure for the use of CDBG funds. A sample grievance procedure is available from the Department of Commerce upon request.

- Document that the notice was published and the hearing was held.

The required citizen participation documentation to be submitted with the application includes:

- A copy of the public hearing minutes, including a statement that the CDBG required handouts were distributed.
- A copy of the affidavit of publication or the notice from the paper.
- The Outreach and Accommodation for Non-English Speaking Residents form, documenting the review and determination of local data on non-English speaking populations, the list of outreach steps (if applicable) and accommodations made.
- A copy of the local government's adopted Grievance Procedure.

CITIZEN PARTICIPATION IN THE 2010 ACTION PLAN*

SUMMARY OF COMMENTS*

EFFORTS TO BROADEN PUBLIC PARTICIPATION*

* These sections will be written after the public comment period on the draft 2010 Action Plan.

Monitoring

- 1. Describe actions that will take place during the next year to monitor its housing and community development projects and ensure long-term compliance with program requirements and comprehensive planning requirements.*

MONITORING STANDARDS AND PROCEDURES

Overview

The contracts executed by the Department of Commerce include all applicable program requirements. Commerce monitors contracts for compliance with specific program requirements and for general management, performance goals, financial management, data collection and reporting, eligibility determinations, nondiscrimination, program outreach, timely reporting, project completion, and monitoring of sub recipients (as applicable.)

Primary Goals

Commerce has five primary goals while monitoring programs and projects:

- Ensure accomplishment of service or product.
- Ensure accountability of public funds and minimization of risk.
- Ensure compliance with federal and state requirements.
- Evaluate organizational and project performance for a specific time period.
- Provide bold leadership and exceptional service.

These goals apply to all programs and services at the Department of Commerce. The following sections describe how these goals are implemented in the monitoring plans for the four Consolidated Plan programs.

HOME Program Monitoring Plans

General and specific monitoring policies and procedures for desk and on-site monitoring apply to each program receiving HOME funds.

General monitoring standards for the HOME General Purpose and Tenant Based Rental Assistance (TBRA) programs include:

- Performing an annual risk assessment of each program and/or project funded with HOME and monies. The risk assessment will identify which funding recipients require comprehensive monitoring. High-risk funding recipients include those that are:
 - New organizations to the HOME program.
 - Experiencing turnover in key staff positions, such as executive director and chief financial officer.
 - Repeated past compliance or performance problems.
 - Undertaking multiple HOME-funded activities for the first time, such as rental projects and Tenant Based Rental Assistance.
 - Not submitting timely documentation, such as annual reports and/or requests for reimbursement.

- Reviewing annual performance reports and comparing activities that are reported with the original contract and purpose of the program, along with any subsequent amendments.
- Taking appropriate corrective action in situations of noncompliance in conformance with contract terms and conditions. Generally, the following intervention stages will be used:

Stage 1 – Low-level intervention will include one or more of the following actions:

- Clearly identify problem areas and required corrective action;
- Plan a strategy with the contractor that includes any training or technical assistance that may help to address identified problems;
- Require more frequent or more thorough reporting by the contractor; or
- Conduct more frequent contractor monitoring reviews.

Stage 2 – Moderate-level intervention may be attempted after the Stage 1 level and will include one or more of the actions referred to in the suspension actions sections of the appropriate contract.

Stage 3 – High-level intervention, the most serious actions available, may be taken to put an end to noncompliance problems. Such steps may include the following:

- Suspending the contractor from Housing Finance Unit program eligibility;
- Termination of the contractor's contract for the project;
- Legal action, to include foreclosure of the project property in question.

Specific monitoring policies and procedures for HOME programs include:

HOME General Purpose (GP)

Perform on-site inspections of HOME-assisted units in rental housing developments no less than:

- Every three years for projects of one to four units,
- Every two years for projects with five to 25 units, and
- Annually for projects with 26 or more units.

HOME Tenant-Based Rental Assistance (TBRA)

Perform biennial desk monitoring of contractors to ensure contract compliance. In addition, perform annual monitoring of documentation of on-site inspections of rental housing occupied by tenants receiving HOME-TBRA.

ESG and HOPWA Programs Monitoring Plan

Perform on-site monitoring for ESG and HOPWA contractors every three years. Desk monitoring of contractors will be performed every two years.

- Monitoring will be conducted using a standardized monitoring instrument and will be documented in the appropriate monitoring file.
- Instances of noncompliance will be corrected immediately. When such immediate correction is not feasible, the agency will correct such deficiencies

within 30 calendar days, providing the Department of Commerce with copies of supporting documents demonstrating the corrective action taken. Additional time for corrective action may be allowed, on a case-by-case basis.

- A risk analysis will be performed annually. For the HOPWA program this will be based upon the data reported in annual performance reports. The analysis will also include, but not be limited to, audit reports, evidence of key staff turnover, timeliness of billings and other reporting requirements.
- Agencies determined to be at a high level of risk for fund accountability and program compliance will be scheduled for monitoring within the next six to 12 months.
- Instances of noncompliance will be recorded and reported, as necessary, to members of the Housing Division and other Commerce Dept. divisions that may be providing funds to the noncompliant entity.
- Once an agency has fully complied with program requirements and can be categorized at a lower level of risk, monitoring may then revert to the regular two-year schedule.

CDBG Program Monitoring Plan

The CDBG program seeks to ensure that all funded projects are successful. From the time an application for assistance is received to final closeout of the contract, the CDBG program assesses a project for the value it will add to the community, documents how it will meet a national objective and monitors for compliance with federal and state requirements.

Initially, an application for assistance must pass through the CDBG threshold review process to determine that the proposed activity is eligible, has local government support and meets basic criteria. Then the application passes through the rating and selection process, which objectively assesses the need, capacity, readiness and results. Once these reviews are met, the Department of Commerce and the local government establish a contract that defines scope, schedule, budget and expected outcomes of the project.

CDBG funds a wide range of projects and has determined the following monitoring plan based on the type of project funded and the risk associated with non-construction or construction projects:

- Non-construction projects will be desk monitored over the life of the contract following the monitoring standards and procedures set forth in the CDBG Non-Construction Grant Handbook.
- Construction projects will be monitored on-site at least once during the contract period.
- Construction projects will be desk monitored at critical stages of the project, including environmental reviews, request for release of funds, procurement of contractors, and initial labor standards package review.

HUD representatives may also conduct monitoring visits to assure that grantees are carrying out their programs in accordance with applicable laws and regulations.

Monitoring standards and procedures for CDBG contracts are set forth in Section 15 of the CDBG Management Handbook and Section 10 of the CDBG Non-Construction Handbook. Training and technical assistance on all aspects of CDBG performance and compliance issues are available upon request.

The CDBG staff objectives for monitoring are to determine if grantees are:

- Carrying out their CDBG-funded activities as described in their contracts (as modified or amended);
- Carrying out the program or project in a timely manner in accordance with the schedule included in the CDBG contract;
- Charging costs to the program or project which are eligible under applicable regulations;
- Complying with other applicable laws, regulations and terms of the CDBG contract;
- Conducting the program in a manner which minimizes the opportunity for fraud, waste and mismanagement; and
- Have a continuing capacity to carry out the approved program or project and meet record retention requirements.

The areas monitored may include:

- Overall management system, record keeping and progress in activities
- National objectives
- Environmental review
- Financial management
- Property management
- Procurement
- Efforts to use small, minority- and women-owned businesses
- Labor standards
- Non-construction contracts between grantees and consultants
- Grant monitoring of its subrecipients
- Civil rights
- Acquisition/relocation
- Housing rehabilitation and lead-based paint
- Citizen participation

When a grantee is found to be out of compliance, CDBG staff will identify a specific period of time in which compliance should be achieved. Usually the grantee will have 30 calendar days to correct deficiencies. Copies of supporting documentation demonstrating that corrective action has been taken will be required. Additional time for corrective action may be allowed on a case-by-case basis. Failure by the grantee to correct deficiencies may result in funds being withheld, sharing of the noncompliance findings with other Department of Commerce programs and divisions, and possible restrictions on future grants.

Lead-based Paint

- 1. Describe the actions that will take place during the next year to evaluate and reduce the number of housing units containing lead-based paint hazards in order to increase the inventory of lead-safe housing available to extremely low-income, low-income, and moderate-income families, and how the plan for the reduction of lead-based hazards is related to the extent of lead poisoning and hazards.*

LEAD-BASED PAINT HAZARDS

Exposure to lead-based paint in the home, from paint chips, dust, and other sources, is the most common source of childhood lead poisoning in the United States. Lead poisoning can result in health issues ranging from anemia, hearing problems, and behavior problems to irreversible brain damage or even death. Younger children face greater risks of lead poisoning, and can experience lifelong health problems and learning disabilities.

Because lead was banned as an additive in residential paint in 1978, the problem of lead-based paint is more common in homes built before that date and especially in homes built prior to the mid-20th century. These older homes often contain paint with a higher lead content which has had more time to deteriorate into dust and paint chips. The Environmental Protection Agency notes that nationally, “Low income and minority children are disproportionately affected by lead poisoning.” Nationwide, between 86 percent and 95 percent of all residential lead-based paint hazards are found in housing built before 1960.

Addressing lead-based paint hazards is critical to preserving older affordable housing units and meeting HUD’s statutory goals of providing decent housing and a sustainable living environment. It is usually more cost-effective to maintain and preserve established, older housing than to replace it. Thus, remediation of lead-based paint hazards is both a health and safety strategy, particularly for Washington’s children, and an investment in the future of affordable housing.

ESTIMATE OF HAZARDS FACED BY LOW-INCOME HOUSEHOLDS

In Washington, 722,000 housing units were built before 1960. Families in poverty are estimated to occupy 20 percent (approximately 145,000) of these “lead-risk” housing units. Data are not available to disaggregate the number of families in poverty that may be at risk by income category.

In 2005, the Legislature directed the Department of Commerce (then the Department of Community, Trade, and Economic Development) to conduct a study identifying the geographic areas of Washington where children face higher risks of lead exposure in their homes. [The study](#) analyzed existing sources of data on housing, population, blood level testing of children, and lead levels in soil. It concluded that higher blood levels of lead in Washington children correlate with several factors, including whether children:

- live in older homes,
- are members of low-income families,
- are of Hispanic ethnicity,
- live in central Washington, or
- live close to historic orchard lands or lead smelters.

The study results indicated that an estimated 36,000 children under the age of six (8 percent of the total) live in areas designated the highest priority based on these and other risk factors. An additional 93,000 (20 percent) live in the second-highest priority areas.

2010 ACTIONS TO REDUCE LEAD-BASED PAINT HAZARDS

Measures to reduce exposure to lead-based paint are built into Department of Commerce housing and community development programs in accordance with federal and state law. Some examples of how these measures will be implemented in HUD-funded programs during 2010 include:

- In the CDBG program, relevant activities are required to comply with lead-based paint guidelines, and lead-based paint is an area included in monitoring standards.
- CDBG also provides incentives, including allowing an additional \$10,000 per household for housing rehabilitation projects that mitigate lead-based paint.
- In the HOME Tenant-Based Rental Assistance program, housing units to be occupied by clients must comply with lead-based paint requirements.
- All projects funded with HOME General Purpose or state Housing Trust Fund assistance are assessed for lead-based paint, and hazards are mitigated.

In addition to program-specific activities, the Department of Commerce has managed a state lead-based paint program since 2004. All contractors providing professional lead-based paint training or activities in Washington are required to be certified by the Lead-Based Paint Program located within the Department of Commerce. In addition to accreditation of trainers offering lead-based paint training courses, Washington's program provides certification of lead-based paint professionals and firms and work practice standards for lead-based paint activities.

Antipoverty Strategy

- 1. Describe the actions that will take place during the next year to reduce the number of poverty level families.*

2010 ACTIONS TO REDUCE POVERTY

The use of housing and community development funds covered in the 2010 Action Plan support direct efforts to reduce poverty conducted by other programs in the Department of Commerce and other state agencies. The WorkFirst, Community Services Block Grant, and Emergency Food Assistance programs are some of the actions being undertaken to reduce poverty in Washington. For additional information, please see the Antipoverty Strategy section of the 2010-2014 Strategic Plan

Activities funded by this plan's housing and community development programs include a wide range of actions to reduce poverty through local projects. Housing and ending homelessness is a basic need for individuals and families in poverty. The HOME, ESG and HOPWA programs will continue to fund affordable housing projects for the very low income and special need populations facing poverty and homelessness, as described in the housing program action plans. The CDBG program will continue to partner with rural local governments and service providers to fund facility construction/acquisition, direct services and local planning to address poverty with projects such as social service centers, food banks, childcare facilities, homeless and transitional housing, education/employment training facilities, and microenterprise assistance.

SECTION 2: HOUSING

Housing Priorities and Objectives
Needs of Public Housing

Housing Priorities and Objectives

- 1. Describe the priorities and specific objectives the jurisdiction hopes to achieve during the next year.*
- 2. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by this Action Plan.*

AFFORDABLE HOUSING PRIORITIES AND OBJECTIVES

Priority Housing Needs

Developing priority areas of housing need at the state level presents a challenge because specific needs and market conditions vary from city to city and within the state's 39 counties. The data presented in the 2010-2014 Consolidated Plan provides evidence of the geographic and economic diversity of the state and shows that a specific need can be high priority in one area but not another. Consequently, the Department of Commerce does not identify any activities as “low priority,” since doing so would remove the flexibility at the state level to respond to the particular housing and market needs of local communities.

While maintaining the flexibility to support local priorities is critical, the Department of Commerce recognizes that some urgent housing needs are common to many communities. Addressing such needs will be a focus during 2010. The Department will encourage local communities to develop projects that respond to these needs, especially through outreach and technical assistance, and allocate funding in a manner that emphasizes these priority needs consistent with established program guidelines. Statewide affordable housing priorities include:

- Extremely low- and very low-income renter households (earning less than 50 percent of median income) that are cost burdened.
- Homeless individuals and families, particularly those experiencing chronic homelessness.
- Persons with special needs (such as severe mental illness, physical or developmental disabilities, the frail elderly and victims of domestic violence).
- Persons of racial or ethnic backgrounds that experience fair housing disparity.

2010 Affordable Housing Outcome Objectives

Program activities must further the HUD goal of developing viable urban communities by providing decent housing, a suitable living environment and expanding economic opportunities for low- and moderate income persons. HUD regulations also establish three objectives: sustainability, affordability and availability/accessibility. An outcome must meet at least one national goal and objective.

Local governments are responsible for prioritizing projects to meet the greatest need in their communities and applying for funding from the HOME, ESG, HOPWA and CDBG programs. Therefore, actual program outcomes over the long term depend on the types of projects local governments propose.

Table 3 estimates affordable housing outcomes for 2010 by program. For additional information, please see the 2010-2014 Consolidated Plan.

Table 3: Estimated 2010 Affordable Housing Outcomes

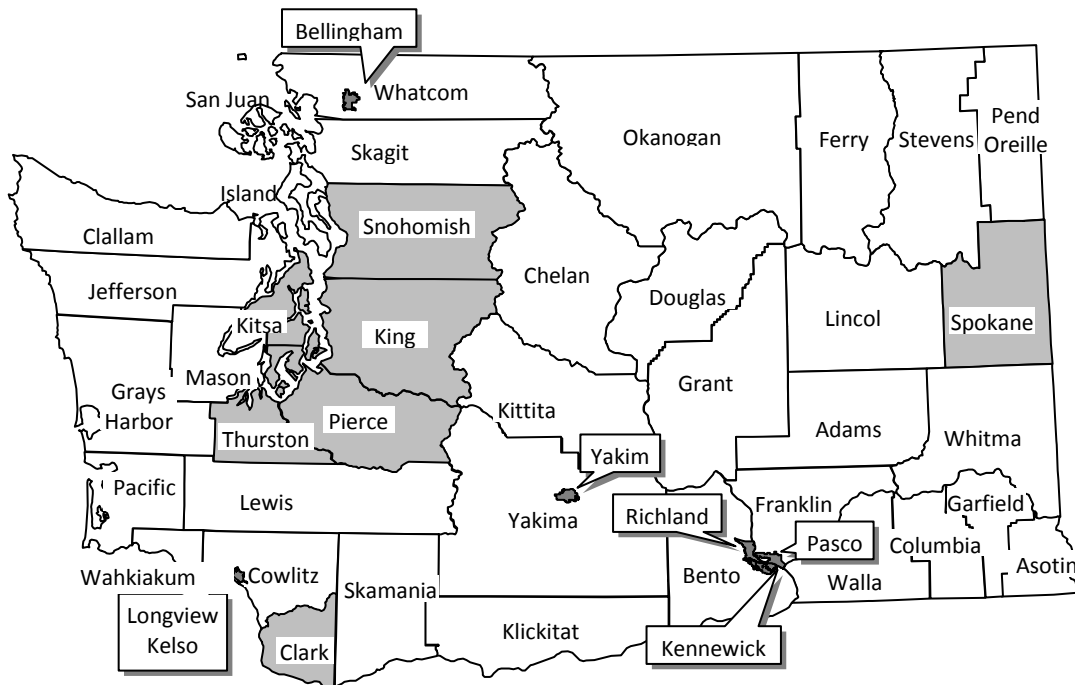
National Goal and Objective	Expected Outcomes by Program, 2010 - 2014	Description
<u>Decent Housing</u>		
Affordability, Sustainability & Availability/accessibility	HOME GP: 75 households	Support access to affordable and special needs housing in collaboration with the Housing Trust Fund and other funders
Availability/accessibility	CDBG: 75 households	Support access to affordable and special needs housing in collaboration with the Housing Trust Fund
Sustainability	CDBG: 25 households	Maintain housing stock by rehabilitating single family occupancy housing
Affordability	TBRA: 1,200 households HOPWA: 334 households	Create/preserve affordable housing and provide rental assistance
<u>Suitable Living Environment</u>		
Availability/accessibility	ESG: 20,000 persons	Provide emergency shelter and services

HOME INVESTMENT PARTNERSHIP (HOME) PROGRAM

Allocation of HOME Program Funds

HOME program funds, including loan repayments, will be split with 40 percent allocated to Tenant-Based Rental Assistance (TBRA) and the remaining 60 percent allocated to the General Purpose fund. TBRA funds will be targeted to households in areas of the state not served by local HOME Participating Jurisdictions (PJ). General Purpose funds will be awarded to projects statewide, including those located in local HOME participating jurisdictions (PJs), shown in Figure A, and CDBG entitlement jurisdictions.

Figure A: Local HOME Program Participating Jurisdictions



Performance Measures

The programs collect and assess data to measure how the funds contribute to the accomplishment of the Department of Commerce's mission and programs and HUD's Statutory Program Goals:

Department of Commerce Mission and Programs

The Department of Commerce is the lead agency charged with enhancing and promoting sustainable communities and economic vitality in Washington. The mission of the Department of Commerce is to grow and improve jobs in Washington State. Programs support state and local efforts to:

- Attract, retain and expand business activities
- Provide services for managing growth and energy resources
- Increase international trade and tourism
- Develop affordable housing, community facilities and public infrastructure
- Provide support services for vulnerable populations to assist them in times of crisis and help them achieve self-sufficiency

HUD Statutory Program Goals

The Department of Commerce's goals are consistent with and support the following HUD goals identified in Title 1 of the Housing and Community Development Act of 1974 (as amended):

- Decent housing
- A suitable living environment
- Expanded economic opportunity

Beginning in 2007, HUD required that each HOME, ESG and HOPWA-funded activity address at least one of the HUD Statutory goals and one of the following objectives:

- Availability/Accessibility
- Affordability
- Sustainability

To comply with HUD's performance measurement system, the HOME, ESG and HOPWA programs have linked the relevant HUD goals and objectives and identified the applicable HUD Outcome Statement for each funded activity based on the type of project, as described in the Table 4.

Table 4: Housing Programs and Activities Linked to HUD Outcome Goals/Objectives

Program and Activity	HUD Outcome Goal	Objective
HOME GP – construction, rehabilitation and/or acquisition of rental housing targeted to low-income, homeless and/or special needs persons	Decent Housing	Affordability, Sustainability & Availability/accessibility
HOME TBRA – provide rental assistance to very low-income households, with a priority for homeless persons and families	Decent Housing	Affordability
ESG – provide operating support and essential services for emergency shelters	Decent Housing	Availability/Accessibility
HOPWA – provide rental assistance, support services and other HOPWA-eligible assistance to persons with AIDS	Suitable Living Environment	Availability/Accessibility

Data on specific performance indicators, as defined by HUD, will be collected for each project selected for funding. To collect the applicable indicator data and meet the HUD performance measures system requirements, the Department of Commerce has established performance measurement data collection systems for each program to directly integrate with HUD's Integrated Disbursement Information System (IDIS), including, as necessary:

- Revised application forms
- Revised contracting documents
- Revised project closeout forms

The data collected regarding the award of 2010 HUD funds will be reported in the Department of Commerce's 2010 Performance Evaluation Report (PER), which is scheduled to be available to the public and submitted to HUD in March 2011.

2010 HOME PROGRAM RESOURCES AND ACTIVITIES

Table 5 shows anticipated HUD funds for the 2010 HOME program, which total \$10.2 million, and anticipated loan repayments of \$500,000. HOME program funds, including loan repayments, will be split with 40 percent allocated to Tenant-Based Rental Assistance (TBRA) and the remaining 60 percent allocated to the General Purpose fund.

Table 5: Anticipated HOME Program Funds, 2010

2010 HOME Program Activities	Anticipated Funds
General Purpose: will be used to acquire, repair, rehabilitate, and construct affordable housing. <i>(60% of HUD funds)</i>	\$6,148,993
TBRA: will be used to provide tenant based rental assistance. <i>(40% of HUD funds)</i>	\$4,099,329
HOME loan repayments: will be used for General Purpose and/or TBRA activities	\$500,000

HOME General Purpose (GP)

Fund Distribution: HOME GP funds will be used for multiple purposes. The funds will be used for the new construction, rehabilitation and/or acquisition of rental housing projects categorized as permanent, transitional and/or supportive housing projects serving people who are homeless or who have special needs and have income at or below thirty percent (30%) of the local area median income (AMI). HOME GP funds will also be used to preserve and/or develop manufactured housing communities which include households at or below fifty percent (50%) of the local AMI.

The awarding of funds to homeless and special needs projects will be coordinated with the state-funded Housing Trust Fund (HTF).

- Evaluation criteria will include: needs of target population; project design and financial feasibility and organizational capacity.
- The Department of Commerce will work closely with local governments to identify local housing needs and coordinate the targeting of local, state and federal resources to address such needs.
- HOME GP funds will be used for grants and/or deferred loans, and will be administered directly by the local government, housing authority, or nonprofit receiving the funds.
- Commerce will be responsible for approval of all project draws through the certification of signed progress reports, building official inspections, or architect certificates of completion.

Recaptured funds: Any HOME GP funds recaptured by Commerce will be added to the pool of funds available through the application process noted above.

Minimum requirements:

- Minimum length of commitment will be 40 years, secured by a restrictive covenant.
- All units will meet at a minimum, Housing Quality Standards (HQS), rehabilitation standards (as applicable), Americans with Disabilities Act (ADA) requirements, applicable Section 504 and Fair Housing Act requirements, and all applicable local codes, ordinances, and zoning codes.
- Newly constructed housing will meet Washington State Energy Code, which is more restrictive than the Model Energy Code.
- The amount of HOME funds that may be invested on a per-unit basis may not exceed the per-unit maximum HOME subsidy limits.

Community Housing Development Organizations (CHDO)

Activity: Community Housing Development Organizations will use HOME funds for HOME-eligible housing they develop, sponsor, or own. HOME GP funds will be used to meet the 15% HOME set aside requirement.

Role of CHDOs: CHDOs will play a strong role in the HOME program. Washington State is fortunate to have a significant number of nonprofit housing developers who meet the CHDO requirements, including a network of community action agencies throughout the state.

Tenant Based Rental Assistance (TBRA)

Activity: The Tenant Based Rental Assistance (TBRA) program will provide rental assistance and/or security/utility deposit assistance to households at 50 percent (50%) or less of median income, including those who are homeless or have special needs.

Eligible Applicants: Eligible applicants are units of local government, public housing authorities and nonprofit community-based organizations. Applicants must have recent experience administering a state or federally funded rental assistance program, or may contract with an experienced organization or technical assistance provider to administer the program.

Eligible Clients: Eligible clients are individuals or families whose incomes are at or below 50 percent of the median household income (as determined by HUD) for the county or standard metropolitan statistical area where the program is located.

Payments: Rental assistance will be provided through an assistance contract between the property owner and the TBRA contractor and a rental lease between the property owner and the assisted client household.

Monitoring: The Department of Commerce will monitor the progress of the program

through data and documentation collected in the monthly vouchering process, periodic program reports, and periodic on-site monitoring visits to each TBRA contractor. For more information, please see the Monitoring Section

Contract Terms: The term of the rental assistance contract with an eligible client will not exceed 12 months. The contract will begin on the first day of the term of the lease and will terminate on the last day of the lease or June 30, whichever occurs first, and may be renewed. All leases must comply with the requirements specified in section 92.253 of the federal rules (24 CFR Part 92).

Rent Reasonableness: TBRA contractors will be required to certify that rents are reasonable before they approve a household's unit for rental assistance according to the Code of Federal Regulations, 24 CFR 882, 106 (b), and Chapter 6-5, HUD handbook 7420.7, Public Housing Agency Administrative Practices Handbook for the Section 8 Existing Program.

Maximum Subsidy Amounts and the Rent Standard: The monthly housing assistance payment paid on behalf of a household may not exceed the difference between the rent standard for the unit size established by the TBRA contractor and 30 percent of the household's adjusted monthly income. The rent standard may not be less than 80 percent of the published Fair Market Rent (FMR) for the unit size in the administering agency's area, or more than the FMR for the area.

Housing Quality Standards: Housing units occupied by an individual or family receiving rental assistance must comply with the Housing Quality Standards (HQS) performance and acceptability criteria set forth in Section 982.401 including lead-based paint requirements. Each unit must be inspected when a new client household moves in.

Fund Distribution: Funds will be awarded through a competitive application process. Applicants will have the flexibility to design their programs provided they are in compliance with the requirements of the HOME Investment Partnerships Program Final Rule 24 CFR Part 92 and with any priorities and additional requirements specified by Commerce.

Recaptured Funds: Any recaptured funds will be added to the pool of funds distributed through the HOME General Purpose application process.

AFFIRMATIVE MARKETING PROCEDURES

Subsection 92.341 of the HOME regulations requires affirmative marketing of the housing units assisted with HOME funds. The Department of Commerce will extend this requirement to all rental units assisted, not just developments of five units or more.

As part of the application process for HOME funds, each proposal must describe the methods of affirmative marketing that will be undertaken as part of the project.

The Department of Commerce will take the following actions to provide information and otherwise attract eligible persons from all racial, ethnic, and gender groups in housing market areas to housing that is assisted by the HOME program funding.

All correspondence, notices, and advertisements related to HOME funds will contain either the Equal Housing Opportunity logo or slogan.

Commerce will require participants in the HOME program to use affirmative fair housing marketing practices in soliciting renters or buyers, determining their eligibility, and concluding all transactions. Any HOME-assisted housing must comply with the following procedures for the duration of the applicable compliance period:

- Project sponsor advertising of vacant units must include the Equal Housing Opportunity logo or statement. Advertising media may include newspapers, radio, television, brochures, leaflets, or may involve simply a sign in a window.
- The project sponsor will be required to solicit applications for vacant units from persons in the housing market who are least likely to apply for HOME-assisted housing without benefit of special outreach efforts, including placing advertisements in minority-specific media.
- The project sponsor must maintain a file containing documentation of all marketing efforts (copies of newspaper ads, memos of phone calls, copies of letters, etc.). Records to assess the results of these actions must be available for inspection by Commerce.
- The project sponsor must maintain a listing of all tenants residing in each unit at the time of application submittal through the end of the compliance period.
- Commerce will assess the affirmative marketing efforts of the project sponsor by comparing predetermined occupancy goals (based upon the area from which potential tenants will come) to actual occupancy data that the project sponsor is required to maintain. Outreach efforts on the part of the owner will also be evaluated by reviewing marketing efforts. Corrective action will be required of project sponsors if affirmative marketing requirements are not followed.

MINORITY AND WOMEN OWNED BUSINESS OUTREACH

Title 24 of the Code of Federal Regulations [Subpart H, Subsection 92.351 (b)(5)] requires the encouragement and use of minority and women-owned business enterprises in the implementation of HOME program activities.

Executive Orders 11625, 12432, and 12138 provide the basis for the state of Washington's outreach and monitoring efforts to ensure that minority and women-owned enterprises are used to the greatest extent possible to provide services, materials, contractors, and other affiliated professions and occupations associated with all HOME-supported programs.

The Department of Commerce will require funded applications, by contractual language, to undertake direct affirmative outreach measures to ensure the greatest possible opportunity for minority and women-owned businesses to compete for contracts within each phase of a HOME-funded project. This includes, but is not be limited to, realtors, appraisers, lenders, architects, contractors, and property management firms. The current listing of certified minority and women-owned businesses is readily available from the state's Office of Minority and Women's Business Enterprises. This listing includes all project-specific relevant professions and occupations within the geographic region where the project will be implemented.

Examples of bid advertisements and notices will be provided to HOME project sponsors to ensure ease of implementation and consistency of approach in the outreach efforts. Project sponsors will be encouraged to place advertisements in minority- and women-specific media whenever possible.

To maintain statistical data on outreach use and participation of minority and women-owned businesses as contractors and subcontractors in HOME-assisted projects, sponsors will be required to identify firms contacted, bids received, contracts let, and dollars provided to such firms. Each HOME project sponsor will be provided the format for such reports to ensure consistency and ease of monitoring.

Every HOME contractor will be monitored and evaluated at contract closeout for this information as well as the associated back-up files and documentation. In addition, Commerce will reserve the right to conduct on-site inspections and interviews to confirm the use of minority and women workers during the course of project completion.

Needs of Public Housing

- 1. Describe the manner in which the plan of the jurisdiction will help address the needs of public housing and activities it will undertake during the next year to encourage public housing residents to become more involved in management and participate in homeownership.*
- 2. If the public housing agency is designated as "troubled" by HUD or otherwise is performing poorly, the jurisdiction shall describe the manner in which it will provide financial or other assistance in improving its operations to remove such designation during the next year.*

PUBLIC HOUSING NEEDS AND STRATEGIES

A public housing authority is a quasi-governmental entity formed by a city, town or county to address housing needs in the local community. In Washington, PHAs are local entities over which the Department of Commerce has no direct oversight. The Department of Commerce is an investment partner on certain projects with public housing authorities, and certifies that PHA plans are consistent with the state consolidated plan where required by HUD regulations. There are over 30 active housing authorities across the state.

Property owned by housing authorities is exempt from all taxes or special assessments. Housing authorities enter into innovative partnerships with private, nonprofit agencies, and local governments to provide affordable housing. Several housing authorities in Washington have set up 501 (c) (3) nonprofit corporations to take advantage of federal programs not available to public housing authorities, gain operational flexibility by avoiding onerous regulations and generate resources that can be used to offset losses in federal programs caused by insufficient funding levels.

The majority of the households who live in public housing today have incomes well below 50 percent of median, many below 30 percent of median. A large number of frail, elderly people and single individuals with disabilities live in housing authority units. As standards of care have evolved to discourage institutionalization for persons with mental health or developmental disabilities, PHAs have taken on much of the task of providing them with affordable housing.

Public housing authorities can be designated “troubled” for substandard scores in one or more of these areas: management, financial, or physical. Currently there are no troubled authorities in Washington. In the future, the Department of Commerce could assist agencies that are troubled due to physical deterioration of housing through rehabilitation, an eligible use of CDBG funds. The Department of Commerce could also provide technical assistance with management or financial assistance upon request. Ongoing operation of public housing authorities, however, would not be an eligible use of HOME or CDBG funds. Further information about public housing authorities is contained in plans each authority submits to HUD, and available [here](#).

SECTION 3: HOMELESS

Specific Homeless Prevention Elements
Emergency Shelter Grants

Specific Homeless Prevention Elements

1. *Sources of Funds—Identify the private and public resources that the jurisdiction expects to receive during the next year to address homeless needs and to prevent homelessness. These include the McKinney-Vento Homeless Assistance Act programs, other special federal, state and local and private funds targeted to homeless individuals and families with children, especially the chronically homeless, the HUD formula programs, and any publicly-owned land or property. Please describe, briefly, the jurisdiction’s plan for the investment and use of funds directed toward homelessness.*
2. *Homelessness—In a narrative, describe how the action plan will address the specific objectives of the Strategic Plan and, ultimately, the priority needs identified. Please also identify potential obstacles to completing these action steps.*
3. *Chronic homelessness—The jurisdiction must describe the specific planned action steps it will take over the next year aimed at eliminating chronic homelessness by 2012. Again, please identify barriers to achieving this.*
4. *Homelessness Prevention—The jurisdiction must describe its planned action steps over the next year to address the individual and families with children at imminent risk of becoming homeless.*
5. *Discharge Coordination Policy—Explain planned activities to implement a cohesive, community-wide Discharge Coordination Policy, and how, in the coming year, the community will move toward such a policy.*

AVAILABLE FUNDS TO ADDRESS AND PREVENT HOMELESSNESS

HUD Funds

The Emergency Shelter Grant program anticipates receiving \$1.3 million in 2010 and the Homelessness Prevention and Rapid Re-Housing Program anticipates receiving \$11 million over the next three years. Please see the General Questions and Emergency Shelter Grants sections for detail on the use of these funds. In addition, HOME and CDBG program funds can be used to address homelessness. The amount of funding that will be directed to homeless persons will depend on the types of applications submitted by local jurisdictions. Addressing homelessness is a priority for HOME Tenant Based Rental Assistance funds.

State and Local Funds

The 2005 Washington Legislature passed the Homeless Housing and Assistance Act to establish a statewide homeless housing program with the goal of reducing homelessness in Washington by 50 percent within the next 10 years. The Act tasks the Department of Commerce and participating local governments with creating and implementing ten year plans to achieve this goal, and to conduct an annual point-in-time count of homeless persons. The Act instituted a \$38 document recording fee on preliminary real estate transactions, which generates over \$31 million split between the state and county governments to fund activities to end homelessness.

The Department of Commerce's [Ten-Year Homeless Plan](#) is the primary planning document from which all other homeless plans are drawn. Each county in Washington is statutorily required to have a county ten year plan, and those plans must be consistent with the state plan. Each county plan must include a description of how the housing needs of the chronically homeless will be addressed. Please see the Ten-Year Homeless Plan or the Homeless section of the 2010-2014 Consolidated Plan for more information.

HOMELESS AND HOMELESS PREVENTION PRIORITIES

The Ten-Year Homeless Plan outlines statewide goals and performance measures necessary to end homelessness, with a minimum goal of reducing homelessness by 50 percent by July 1, 2015. The plan was created in consultation with the Interagency Council on Homelessness (ICH), the Affordable Housing Advisory Board (AHAB), the State Advisory Council on Homelessness (SACH), the Washington State Coalition for the Homeless (WSCH), and service providers and stakeholders.

The *Ten-Year Homeless Plan: 2008 Annual Report* outlines the following high-level strategies to reduce and eliminate homelessness:

- *Create the equivalent of 12,000 new beds* to house homeless persons. Use private-market housing to provide at least 35 percent of the new beds. Provide the majority of new “beds” through short-term rent assistance to prevent homelessness or quickly re-house people facing homelessness in permanent housing.

- *Improve effectiveness of existing and future investments* (as measured by income increases and homeless recidivism) by implementing best practices; coordinating housing with education, mental health and chemical dependency treatment, state and federal benefits, and institutional discharge; and adding services as needed.
- *Collect client data to measure outcomes* at the project, program, county, and state levels to verify plan assumptions and measure success.
- *Assess people facing homelessness* to determine what type of housing and/or services they need to avoid homelessness and reach their highest level of self-sufficiency.

SERVICES AND HOUSING FOR THE CHRONICALLY HOMELESS

The January 2009 point-in-time count found 2,540 people considered “chronically homeless” under the HUD definition. Of those 2,540 individuals, 1,627 were sheltered and 913 were unsheltered.

To reduce and eventually eliminate chronic homelessness, the Department of Commerce utilizes a strategy of providing subsidized housing, either in a project or scattered-site, tied to intensive professional services available 24 hours a day to help maintain housing stability. While services are available, continued housing is not tied to an individual’s participation in those services.

As of 2008, 3,679 individual beds were available at an annual cost of \$53,717,196. Of those beds, 19 percent were created since 2006. The Department of Commerce estimates that this is 47 percent of the individual beds needed to address the total need, and that 4,200 more beds would need to be established with ongoing supportive services to meet the needs of the chronically homeless. The number of additional beds that will be developed in 2010 is not known, however addressing homelessness is a priority of the HOME and ESG programs.

PREVENTION

Homeless prevention activities are provided by the Department of Commerce’s Emergency Shelter and Homeless Prevention program, supported by state and federal funds. Funding is passed through to eligible grantees who provide emergency shelter, homeless prevention, and case management to individuals and families who are homeless or at risk of becoming homeless. One of the key performance measures is the extent to which a program is able to keep individuals and families most at risk of becoming homeless in current housing through emergency rental assistance.

Grant funds can be used for up to 180 days of *combined* shelter and prevention services for an individual or family. While no more than half of those days may be used for housing at an emergency shelter, the full 180 days may be used for prevention-only services. Prevention can be any combination of initial rent costs, such as first and last

months' rent and security or utility deposits, as long as the total amount does not equal more than 90 days of rent.

Costs allowed under shelter operations include short-term hotel/motel vouchers and associated staff salary and benefits for case managers and support staff members who are assisting individuals and families in the shelter or working with clients who have received a motel/hotel voucher.

Further homeless prevention activities may include rent or mortgage subsidies to prevent eviction for individuals or families who have received eviction or foreclosure notices. The assistance must be necessary to avoid eviction or foreclosure, and there must be a reasonable prospect that the individual or family receiving homelessness prevention assistance will be able to resume payments within a reasonable period of time. The assistance can include:

- First and/or last month's rent, rent, security deposits, and screening fees.
- Mediation program for landlord tenant disputes and legal services.
- Utility payments for individuals or families who have received a termination of service notice, to avoid shutoff of utilities. Other utility assistance programs should be accessed first, such as Washington State's Low-Income Home Energy Assistance Program www.liheapwa.org. Utility payments must be made directly to utility companies on the client's behalf.
- Other costs as approved by the Department of Commerce.

DISCHARGE COORDINATION

The state receives McKinney-Vento Homeless Assistance Act Emergency Shelter Grant (ESG) and Homelessness Prevention and Rapid Re-Housing (HPRP) funds which are passed through to the Balance of State Continuum of Care. The Balance of State Continuum of Care contains 33 counties that are largely rural. Six urban counties – King, Pierce, Snohomish, Spokane, Yakima and Clark – maintain their own continua of care.

The Department of Commerce works with other agencies to coordinate policies and protocols for the discharge of persons from state institutions or systems of care in order to prevent those persons from exiting to homelessness.

The Washington State Departments of Social and Health Services (DSHS) and the Department of Corrections (DOC) are two state agencies that discharge or release people from systems of care/incarceration. They both have in place policies and programs that aim to prevent clients from exiting into homelessness. Counties within the Balance of State Continuum have also implemented such policies to varying degrees. The following sections describe the state's effort to move towards community-wide discharge coordination processes for three groups at risk of homelessness.

Foster Care Discharge

Under a state law passed in 2009, adolescents previously leaving foster care at age 18 can remain in foster care until they are 21 and are provided assistance through the DSHS to prevent their falling into homelessness. Housing assistance in the form of rent, deposits and assistance with utility bills are available as well as an array of education and employment services. Local providers assist with specific services under contract with the DSHS. The detailed implementation procedures that are part of each contract “institutionalize” the protocol for the program. Additionally, in 2007 the state Legislature passed a bill to establish the Independent Youth Housing Program that provides additional housing subsidies for youth aging out of foster care up to age 23. These programs are critical to stabilizing the lives of youth leaving the foster care system so that they can attain independence and self-sufficiency.

Health/Mental Health Care Discharge

Several county continua have health care discharge protocols in place with local hospitals, treatment clinics and other mental health facilities. Agreements are in place with the intent of preventing the release of persons from the courts/substance abuse treatment process to the community so that they are neither released to the streets nor routinely placed in a HUD McKinney-Vento project. Additionally, while in the mental health system county continuum staff will evaluate a homeless person’s need for services and housing; upon release they will contact the local Housing Resource Center to refer clients in need of housing and non-mental health services. While these discharge protocols are not present in all 33 counties within the Balance of State Continuum, the state’s Interagency Council on Homelessness is exploring ways in which more counties can establish Housing Resource Centers so that assessments and referrals can be better coordinated.

Corrections Discharge

Under a new law passed in May of 2009, the DOC may provide rental vouchers to an offender for a period up to three months, if rental assistance will enable the offender to have an approved release plan. While the law in Washington mandates that the DOC approve release addresses for only a portion of those housed in the state’s prison system, these new resources enable those released to the community to have a location to call home, receive mail, store belongings and get ready to start the day. Since the offenders are involved in the criminal justice system, this allows the DOC and law enforcement to have a location to conduct visits and for some offenders to register so the community is aware of the location. This helps to address the community safety issues that many in the local area are concerned about. In other parts of the Balance of State Continuum, some counties have implemented signed memoranda of understanding with the local jail. Specialists work in concert to provide a range of assessments and services including housing. The state’s Interagency Council on Homelessness is always looking at ways to strengthen the partnerships between the state agencies, local law enforcement, and county continuum staff so that discharge planning can be better coordinated across the Balance of State Continuum.

Emergency Shelter Grants (ESG) Program

Describe the process for awarding grants to State recipients, and a description of how the allocation will be made available to units of local government.

PROCESS FOR AWARDING EMERGENCY SHELTER GRANTS

Emergency Shelter Grants (ESG) program funds are made available to areas that are not directly allocated these funds by HUD. The unit of local government in which the proposed activities are to be located must certify that it approves the application and the proposed eligible activities.

Allocation of Funds

Emergency Shelter Grants will be distributed by formula.

State ESG Eligible Areas and Organizations

The eligible areas are all cities and counties in Washington that do not receive an ESG allocation directly from HUD. This excludes the cities of Seattle, Tacoma, Spokane, and Snohomish, King and Pierce Counties, but includes the cities of Auburn, Bellevue, Everett, Federal Way, Kent, Lakewood, Renton, and Shoreline.

Eligible applicant organizations are nonprofit organizations and units of local government. In order to streamline the administration of ESG funds with other state funds used for emergency shelter and prevention, the Department of Commerce selectively chooses which eligible counties to award funds to each fiscal year.

Recaptured Funds

The Department of Commerce will make any recaptured amounts available to state ESG-eligible areas as soon as possible after funds have been returned. There are two criteria for the distribution of recaptured funds:

- The extent to which the applicant demonstrates an immediate and critical need for assistance in serving the homeless.
- The extent to which the applicant can demonstrate the ability to use the funds promptly.

Application Requirements

All applicants must have a Continuum of Care plan or a county 10-year plan to end homelessness in place or have started to develop a plan in order to receive ESG funds. Each applicant will need to submit an application that describes the types of activities that will be undertaken. Each application will need to contain the following information:

- A clear statement of need for the use of allocated funds.
- An explanation of how proposed activities are consistent with the Continuum of Care plan or county 10-year plan to end homelessness.
- A clear description of activities, a cost-effective budget and a schedule.

The Department of Commerce reserves the right to reduce or to redistribute a county's allocation if insufficient information is provided in the application, ineligible activities are proposed, or if the lead agency contractor lacks a demonstrated capacity to administer the ESG contract.

Eligible Activities

ESG funds will be used to provide operating support, prevention and essential services for emergency shelters.

Grant Awards

The Department of Commerce will award grants to approved applicant organizations within 65 days of HUD's approval of Washington State's application. Eligible applicant organizations are nonprofit organizations or local governments serving as an ESG lead agency contractor for the county. As the lead agency, the contractor will pass funds through to participating agencies in the county to provide eligible housing and homeless services. Participating agencies must be nonprofit organizations or local governments.

SECTION 4: NON-HOMELESS SPECIAL NEEDS

Non-homeless Special Needs
Housing Opportunities for People with AIDS (HOPWA)

Non-homeless Special Needs

1. *Describe the priorities and specific objectives the jurisdiction hopes to achieve for the period covered by the Action Plan.*
2. *Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by this Action Plan.*

SPECIAL NEEDS OBJECTIVES AND AVAILABLE RESOURCES

Housing for persons with special needs is a priority for funding in the 2010 Action Plan, as described in the Housing Priorities and Objectives section. HOME Tenant Based Rental Assistance may be used for special needs housing if prioritized by an applicant and appropriate to serve the needs of the population in the jurisdiction. In addition, the HOME General Purpose fund will continue to fund special needs projects. Though no specific special needs housing targets are set, the HOME program has historically funded projects for people with special needs (such as severe mental illness, chemical dependency, physical disabilities and victims of domestic violence).

Please see the Housing Priorities and Objectives section for detail on estimated outcomes and available resources during 2010.

Housing Opportunities for People with AIDS (HOPWA) Program

- 1. Provide a Brief description of the organization, the area of service, the name of the program contacts, and a broad overview of the range/ type of housing activities to be done during the next year.*
- 2. Report on the actions taken during the year that addressed the special needs of persons who are not homeless but require supportive housing, and assistance for persons who are homeless.*
- 3. Evaluate the progress in meeting its specific objective of providing affordable housing, including a comparison of actual outputs and outcomes to proposed goals and progress made on the other planned actions indicated in the strategic and action plans. The evaluation can address any related program adjustments or future plans.*
- 4. Report on annual HOPWA output goals for the number of households assisted during the year in: (1) short-term rent, mortgage and utility payments to avoid homelessness; (2) rental assistance programs; and (3) in housing facilities, such as community residences and SRO dwellings, where funds are used to develop and/or operate these facilities. Include any assessment of client outcomes for achieving housing stability, reduced risks of homelessness and improved access to care.*
- 5. Report on the use of committed leveraging from other public and private resources that helped to address needs identified in the plan.*
- 6. Provide an analysis of the extent to which HOPWA funds were distributed among different categories of housing needs consistent with the geographic distribution plans identified in its approved Consolidated Plan.*
- 7. Describe any barriers (including non-regulatory) encountered, actions in response to barriers, and recommendations for program improvement.*
- 8. Please describe the expected trends facing the community in meeting the needs of persons living with HIV/AIDS and provide additional information regarding the administration of services to people with HIV/AIDS.*
- 9. Please note any evaluations, studies or other assessments that will be conducted on the local HOPWA program during the next year.*
- 10. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by the Action Plan.*

ACTIVITIES TO BE UNDERTAKEN WITH HOPWA FUNDS

Housing Opportunities for Persons with Aids (HOPWA) is a federally funded program providing housing assistance and supportive services for low-income people with HIV/AIDS and related diseases, and their families. People with AIDS and other HIV-related illnesses often face challenges in meeting personal, medical and housing costs during their illness. The Department of Commerce Housing Division does not provide direct housing support or services to individuals or families. The Division administers funding to local providers within the state of Washington, who in turn provide services to individuals and families.

HOPWA funds can be used for an array of housing, tenant-based rental assistance, supportive services, short-term payments to prevent homelessness, housing placement services, costs for the operation and maintenance of facilities, community residences' mortgage and utility assistance, and program planning and development costs. Activities can include the acquisition, rehabilitation or new construction of community residences and single-room occupancy (SRO) units. Noted results included improvement of mental health status, strengthening of social and health relationships, and reduction in homeless episodes.

The program is funded by the Department of Housing and Urban Development and is governed by the provisions of the AIDS Housing Opportunity Act (42 USC Sections 12901 to 12912) and the Housing Opportunities for Persons with AIDS (HOPWA) Program rule (24 CFR Part 574 as amended).

Services are delivered through nonprofit organizations in each of five regional AIDS Service Networks in the state, known as AIDSNETS. The AIDSNETs, in cooperation with local health departments/districts and community organizations within the regions provide the following:

- Together with the affected community, develop plans for HIV prevention and care services;
- Provide HIV counseling, testing and partner notification services;
- Conduct disease control activities as required by law;
- Offer HIV prevention education and other interventions, such as needle-exchange programs, especially for those at highest risk of disease; and
- Provide case management services.

While HOPWA funds are distributed by AIDSNET region, the AIDSNET coordinators are not involved in the administration of funds, although they are aware of the program. Instead, a sponsor with experience in housing is chosen in each region to administer the funds. The AIDSNET coordinators are aware of the HOPWA program in their region. They have received information on the program funding allocation process along with information about the lead agency and activities in their region.

OBSTACLES TO MEETING UNDERSERVED NEEDS

Obstacles to providing housing for individuals eligible for HOPWA include problems with a client's rental or credit history, and a lack of affordable housing in the area. A great many of the population served by HOPWA have criminal histories, multiple diagnoses, and less than optimum credit and/or rental history. In addition, affordable housing has continued to become less and less available in Washington and across the country. Even if housing is available, individuals with HIV/AIDS who need housing are frequently unable to meet eligibility criteria. Section 8 vouchers are extremely limited, resulting in wait lists that require years until fruition. The ever growing volume of home foreclosures has forced some moderate-income homeowners/buyers to seek low-income affordable housing, creating a housing market that is even more restrictive.

Table 6 shows the unmet need for housing for people with HIV/AIDS and related illnesses in 2008:

Table 6: Unmet Need for Housing for People with HIV/AIDS

Type of Assistance Needed	Number with Unmet Need
Tenant-Based Rental Assistance	138
Short-Term Rent, Mortgage and Utility payments	20
Housing Facilities (such as community residences and SRO dwellings)	18
Total	176

2008 HOPWA PERFORMANCE

Table 7 shows performance measures from the HOPWA Consolidated Annual Performance and Evaluation Report (CAPER) for 2008. Activities are evaluated in terms of conformance with the grant agreement, compliance with HOPWA and other HUD regulations regarding eligible activities, the documentation of participant eligibility, the protection of client confidentiality, and adequate documentation of the project activities for conformance. Noted results for persons assisted by the HOPWA program included improvement of mental health status, strengthening of social and health relationships, and reduction in homeless episodes.

Table 7: HOPWA Program Performance Measures, FY 2008

HOPWA Performance Measures (FY 08)	Goal	Actual	Funds
Tenant-Based Rental Assistance	59	47	\$156,253
Households that receive operating subsidies/leased units	8	8	\$47,456
Short-Term Rent, Mortgage and Utility Assistance	374	264	\$197,202
Supportive Services provided along with housing assistance	301	275	\$150,221
Permanent Housing Placement Services	19	25	\$11,408
Housing Information Services	10	17	

HOW AND WHERE FUNDS WILL BE ALLOCATED

HOPWA funds are distributed in five regions. The Department of Commerce does not provide funding to King and Snohomish counties because they receive their own grant directly from HUD. Skamania and Clark counties are included in the City of Portland, which receives funds through Oregon's HOPWA grant.

Service providers in each region collaborate in the choice of the organization that will be their lead agency. The lead agency will organize a local process to decide how the regional HOPWA allocation will be used and which project sponsors will be selected to provide services.

The Department of Commerce will contract with the designated lead agency that will be responsible for passing funds through to the local project sponsor. Eligible project sponsors are nonprofit organizations, public housing authorities or local governments. Commerce calculates annual awards to each of the regions based on the surviving HIV/AIDS cases in each county as reported to the Washington State Department of Health. In FY 2008, \$631,470 was distributed and 330 households were served.

The program is conducted in coordination with other resources, such as the Ryan White HIV/AIDS program, Emergency Shelter Grant, entitlement CDBG programs and public and private donations.

Recaptured Funds

The Department of Commerce will make any recaptured funds available to units of local government or nonprofit organizations in non-formula areas as soon as possible after the funds have been returned.

There are two criteria for the distribution of recaptured funds:

- The extent to which the applicant demonstrates an immediate need for assistance in serving persons with HIV/AIDS or related diseases and their families; and
- The extent to which the applicant can demonstrate the ability to use the funds promptly.

2010 HOPWA PROGRAM OUTCOME OBJECTIVES

Table 8 details the counties served, activities, recommended funding amount, and total households to be served in fiscal year 2010 for the five regions. None of the subrecipients are faith based, and none are grassroots. The project sponsors have input into local housing planning in their regions.

Table 8: HOPWA Program Outcome Objectives, 2010

Organization, Zip Code and Counties Served	Activities	Amount	House-holds
Bellingham Whatcom Co HA (98225) Whatcom, San Juan, Skagit, and Island	Operating funds for Sean Humphrey House; STRMU; TBRA; Hotel vouchers	\$59,254	14
Pierce Aids Foundation (98402) Pierce and Kitsap	Supportive services; Rental Assistance; STRMU	\$260,717	160
Spokane Housing Authority (NEWHS) (99201) Adams, Asotin, Columbia, Ferry, Garfield, Lincoln, Okanogan, Pend Oreille, Spokane, Stevens, Walla Walla, and Whitman	Supportive services; TBRA; STRMU	\$120,826	60
Longview Housing Authority (98632) Clallam, Cowlitz, Grays Harbor, Jefferson, Lewis, Mason, Pacific, Thurston, and Wahkiakum	Supportive services; TBRA; STRMU	\$119,281	100
Yakima Neighborhood Health Services (98907) Benton, Chelan, Douglas, Franklin, Grant, Kittitas, Klickitat, and Yakima	Supportive services; TBRA; STRMU; Permanent Housing; Placement	\$91,328	81
TOTAL		\$651,406	334

SECTION 5: COMMUNITY DEVELOPMENT

Community Development Priorities and Objectives

Community Development Priorities and Objectives

- 1. Identify the jurisdiction's priority non-housing community development needs eligible for assistance by CDBG eligibility category specified in the Community Development Needs Table (formerly Table 2B), public facilities, public improvements, public services and economic development.*
- 2. Identify specific long-term and short-term community development objectives (including economic development activities that create jobs), developed in accordance with the statutory goals described in section 24 CFR 91.1 and the primary objective of the CDBG program to provide decent housing and a suitable living environment and expand economic opportunities, principally for low- and moderate-income persons.*

COMMUNITY DEVELOPMENT PRIORITIES AND OBJECTIVES

Priority Community Development Needs

Prioritizing community development activities at the state level presents a challenge because specific needs vary from community to community within the state's non-entitlement jurisdictions. The state CDBG program is required to fund local governments that demonstrate local prioritization and need for proposed projects. Accordingly, the Department of Commerce has chosen not to designate any eligible activities as “low priority” statewide, since doing so would restrict the ability to fund activities that may have acute need in specific communities.

While maintaining the flexibility to support local priorities is critical some urgent community development needs are common across many communities. Addressing such needs will be a focus over the next five years. The Department of Commerce will encourage local communities to develop projects that respond to these needs, especially through outreach and technical assistance, and allocate funding in a manner that emphasizes these needs consistent with established program guidelines. Statewide community development priority areas include:

- **Public facilities (infrastructure):** Sewer and water systems and transportation facilities that primarily benefit low- to moderate- income people; infrastructure to support affordable housing for extremely low- and very low-income households; public infrastructure projects in support of economic development that directly results in job creation.
- **Community facilities:** Facilities, including shelters and transitional housing, which serve the homeless and persons with severe special needs.
- **Economic development:** Microenterprise loan programs in rural areas; revolving loan funds to for-profit businesses that directly result in job creation.
- **Public services:** New or expanded services that meet a critical local need.
- **Strategic planning:** Strategic planning, particularly planning to address fair housing disparity or to address public health and safety when required by a regulatory agency (such as the Department of Ecology).

2010 Community Development Outcome Objectives

Local governments are responsible for prioritizing projects to meet the greatest need in their communities and applying for funding from the state CDBG program. Therefore, actual program outcomes over the long term depend on the types of projects local governments propose. For estimated long-term outcomes, please see the Community Development section of the 2010-2014 Consolidated Plan.

Table 9 estimates CDBG program outcomes during the 2010, the first year of the 2010-2014 Consolidated Plan period. These estimates were developed from projects funded during the past several years. Actual outcomes will be tracked in IDIS as projects are

awarded and completed. Please note, housing-related CDBG program activities are included in Table 3 in the Housing Priorities and Objectives section.

Table 9: Estimated 2010 Community Development Outcomes

National Goal and Objective	2010 Expected Outcomes	Description
<u>Suitable Living Environment</u>		
Availability/accessibility	50,000 persons	Access to new or expansion of existing water, sewer, and street systems
Availability/accessibility	200,000 persons	Increase access to new or expanded services by funding community facilities and direct services
Sustainability	100,000 households	Improvements and repairs to existing water, sewer, and street systems
<u>Economic Opportunity</u>		
Availability/accessibility	80 jobs	Fund new or expanded infrastructure in support of economic development or micro-enterprise assistance to create/retain jobs
Sustainability	27 jobs	Fund infrastructure improvements in support of economic development, including loans to eligible private businesses to create/retain jobs

In addition to the estimated outcomes described above, the state CDBG program will meet the administrative objectives shown in Table 10.

Table 10: CDBG Program Administrative Objectives

Administrative Objectives	Target	Description
LMI percentage	75%	Percentage of projects principally benefiting low- and moderate-income (LMI) persons.
Funds leveraged	1:2	Ratio of CDBG to other funds leveraged.
Timely use of funds	95%	Percent of HUD award obligated within 12 months.
Project completion	50%	Percent of projects completed on time, within scope.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

The mission of the Community Development Block Grant (CDBG) program is to improve the economic, social and physical environment of eligible cities and counties in ways that enhance the quality of life for low- and moderate-income (LMI) residents, and as a result, benefit the entire community.

The 2010 Action Plan describes the method of distribution for the Community Development Block Grants administered by CDBG program staff in the Department of Commerce's Local Government Division and the CDBG-supported Economic Development Loan Funds administered by staff in the Department of Commerce's International Trade and Economic Development (ITED) Division.

2010 CDBG Program Initiatives

- The state has received its federal funding award between April and July for the last several years. Recent changes in HUD's Integrated Disbursement Information System (IDIS) impact when the state can access the federal funds. This timing makes it difficult to commit to funding activities in the early part of the year from that year's state award. To better align the award of local grants with the state's receipt of HUD funds, the application and award cycles for 2010 are being adjusted. The schedule for each CDBG fund is outlined in the individual fund sections of this Action Plan.
- In July 2009, the state Department of Community, Trade and Economic Development was renamed the Department of Commerce and a new emphasis on economic development and creating jobs was established. As part of this state direction and to complement the existing CDBG-supported economic development loan funds, the CDBG program is providing additional outreach and opportunity to fund local microenterprise assistance programs through the 2010 General Purpose Grants.

Allocation of CDBG Program Funds

CDBG staff members use three levels of criteria to determine whether or not a grant will be made to a local government for a proposed project. First, staff determines whether the local government is an eligible applicant, the project is an eligible activity according to the federal statutory requirements governing the program, and the project meets one of three "national objectives" listed below. Second, staff determines whether the proposed project meets the funding conditions established by state program policy. Based upon experience, these conditions have proven to be indicators of a successful project. Third, staff determines how a proposed project ranks based on established rating criteria, funding priorities, and review processes specific to each of the state's separate CDBG grant funds. The criteria for each level of review follow.

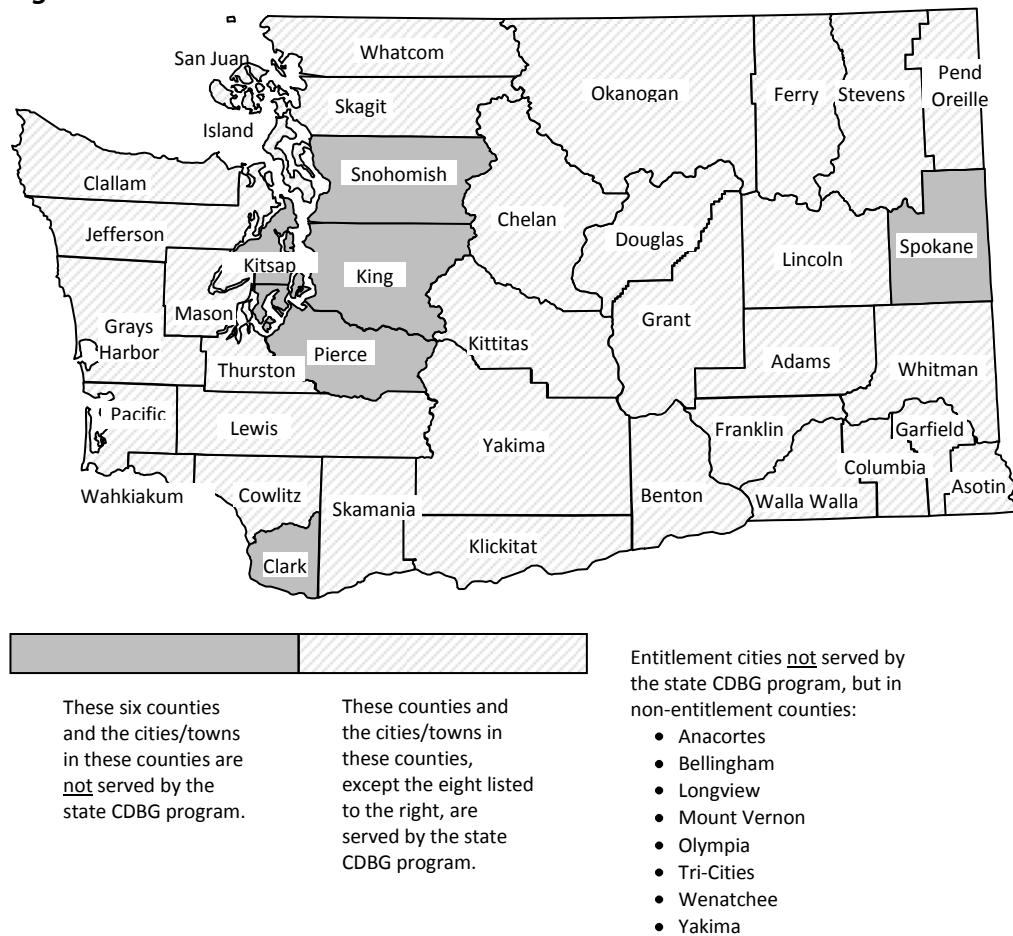
Eligible Applicants

Eligible cities and towns are those with less than 50,000 populations and counties with less than 200,000 populations, provided the cities, towns or counties do not participate as members of HUD Urban County Consortiums.

Indian tribes and special purpose organizations (such as public housing authorities, port districts, water and sewer districts, community action agencies and economic development councils) are not eligible to apply directly to the CDBG program for funding. These projects may be eligible under CDBG if:

- A project will serve both an eligible local government's citizens and tribal members. If the boundaries of a project's service area involve both the local government and a tribal jurisdiction, the local government may apply for state CDBG funding on behalf of and in coordination with the Indian tribe.
- An eligible local government chooses to involve a special purpose organization in the operation of a project funded under the CDBG program.

Figure B shows those local governments ineligible for state CDBG funds because they are "entitled" to receive CDBG funds directly from HUD, and those local governments eligible for state CDBG funds but "non-entitled" to receive CDBG funds directly from HUD. The entitlement status is based on population and HUD qualification.

Figure B: CDBG Entitlement and Non-Entitlement Jurisdiction**Eligible Activities**

All CDBG-funded projects must be an eligible activity according to Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended.

National Objectives

An eligible project must meet at least one of the following three federal (HUD) requirements:

- Principally benefits persons with low- to moderate-income;
- Prevents or eliminates slums or blight; or
- Addresses an urgent community development need, which poses a serious and immediate threat to health and safety.

The CDBG program is designed to principally benefit low- and moderate-income persons by providing grants to cities and counties. The program will ensure that at least 70 percent of the CDBG funds received by Washington, averaged over three years, will be used for activities that benefit persons of low- and moderate-income. Low- and moderate-income is defined as 80 percent of the county median income.

Conditions for Funding

According to program policy, funds are awarded for eligible projects that meet the following conditions:

- There is a compelling need for public assistance, supported by a local planning process;
- A feasible technical solution to the problem or opportunity being addressed has been identified and agreed to by affected citizens, the local government and the appropriate regulatory agencies;
- The project is ready to proceed and will make timely use of the funds;
- The local government demonstrates capacity to administer the funded activities, with a clear and feasible plan for implementing the project and maintaining its operation into the foreseeable future; and
- There is credible evidence the results will be commensurate to the amount of public funds requested.

Funding Priorities

To be funded, a project must rank high in comparison to other similar projects on a state and local level using the following priorities:

- The project addresses a public health and safety issue;
- It improves essential services to low- and moderate-income persons; or
- It completes a necessary and specific step in a broader community development strategy.

Performance Measures

The CDBG Program collects and assesses data to measure how CDBG funds contribute to the funds contribute to the accomplishment of the Department of Commerce's mission and programs and HUD's Statutory Program Goals:

Department of Commerce Mission and Programs

The Department of Commerce is the lead agency charged with enhancing and promoting sustainable communities and economic vitality in Washington. The mission of the Department of Commerce is to grow and improve jobs in Washington State. Programs support state and local efforts to:

- Attract, retain and expand business activities
- Provide services for managing growth and energy resources
- Increase international trade and tourism
- Develop affordable housing, community facilities and public infrastructure
- Provide support services for vulnerable populations to assist them in times of crisis and help them achieve self-sufficiency

HUD Statutory Program Goals

The Department of Commerce's goals are consistent with and support these HUD goals identified in Title 1 of the Housing and Community Development Act of 1974 (as amended):

- Decent housing
- A suitable living environment
- Expanded economic opportunity

CDBG requires each funded activity be identified as addressing at least one of these goals and one of the following objectives:

- Availability/accessibility
- Affordability
- Sustainability

The CDBG program will link the relevant HUD goal and objective and then identify the applicable HUD Outcome Statement for each funded activity based on the type of project, as described in Table 11:

Table 11: CDBG Eligible Activities Linked to HUD Outcome Goals/Objectives

CDBG Eligible Activity	HUD Outcome Goal	Objective
Improve existing public facilities	Suitable living environment	Sustainability
Build or expand public facilities	Suitable living environment	Availability/Accessibility
Housing rehabilitation	Decent housing	Sustainability
Activities in support of new housing construction	Decent housing	Availability/Accessibility
Build or expand community facilities	Suitable living environment	Availability/Accessibility
Acquire community facility or site	Suitable living environment	Sustainability
Public services	Suitable living environment	Availability/Accessibility
Micro-enterprise loan programs in rural areas	Economic opportunities	Availability/Accessibility
Economic development or job creation/retention: improve existing facilities	Economic opportunities	Sustainability
Economic development or job creation/retention: build or expand facilities	Economic opportunities	Availability/Accessibility
Economic development or job creation/retention: loan funds to businesses	Economic opportunities	Availability/Accessibility
Planning activities	Varies as above by type(s) of project supported by the planning activity.	

Data on outcome indicators will also be collected from each project selected for funding. HUD has identified five common indicators for each CDBG-funded activity:

- Funds leveraged
- Number of persons, households, housing units
- Income level
- Number of communities assisted
- Current racial/ethnic and disability categories

The CDBG program also assesses its performance using the following measurements:

- Timely obligation and expenditure of funds against HUD standards
- Number of staff hours providing technical assistance and number of workshops provided
- Percentage of projects benefiting low- and moderate-income persons
- Number of CDBG funded projects completed on time
- Number of projects funded by project type
- Geographic distribution of funds

The CDBG program will report on its use of these 2010 HUD funds in its 2010 Performance Evaluation Report (PER), which is scheduled to be available to the public and submitted to HUD in March 2011.

2010 CDBG PROGRAM RESOURCES AND ACTIVITIES

CDBG resources will be distributed to eligible non-entitlement local governments through the programs and funds summarized in Tables 12, 13 and 14. At this printing, the federal appropriations process for these programs has not been completed. All amounts listed for distribution in this document therefore are based upon estimates of what may be available after Congress acts and may require adjustment based on actual federal budget allocations.

The state's CDBG allocation for 2010 is divided into several funds or programs, each of which uses a different method of distribution. Complete descriptions of each specific program of fund, including application requirements, eligibility guidelines, methods of funding distribution and award processes are provided further in this Action Plan, but brief descriptions are below:

- The General Purpose Grant program distributes funds to eligible local governments for public facilities, community facilities, housing rehabilitation, infrastructure or economic development/micro-enterprise projects that principally benefit low-and moderate-income persons. Awards will be made by early May following an annual statewide competitive application process.
- Housing Enhancement Grants are companion funds to the Housing Trust Fund (HTF) activities that are essential to a project's success, are not eligible for HTF,

- and fill a financial gap in project funding. Grant decisions and awards are made in coordination with the HTF Program's funding cycles.
- The Imminent Threat Grant program aids local governments facing urgent needs with potential impacts on public health and safety that are beyond their ability to address. Applications can be submitted throughout the year and grant awards are made on a funds-available basis.
 - Planning-Only Grants (POG) are available to eligible local governments to plan the implementation of priority projects that principally benefit low- and moderate-income persons. Grants of up to \$35,000 for a single local government or \$50,000 for multi-local governments are available based on project type. Applications may be submitted throughout the year and grant awards are made on a funds-available basis.
 - Public Services Grants are available to eligible counties that utilize local community action agencies as subrecipients to provide eligible services to low-income individuals.
 - Float-Funded Activity Grants are made available on a funds-available basis and use CDBG funds allocated to the State CDBG Program, but are not expected to be drawn down for the duration of the Float Loan term. These funds may be used for short-term loans to businesses and developers.
 - The Rural Washington Loan Fund (RWLF) provides gap financing loans on a funds-available basis to small businesses, primarily in economically distressed and timber-impacted non-entitlement areas of the state.
 - The Section 108 Loan Guarantee Program is backed by a pledge of CDBG funds. This pledge or guarantee facilitates the applicant's access to other sources of funds for economic development, housing, public facilities and large-scale development projects. The loan guarantee provision is available throughout the program year and is subject to a maximum guarantee limit.

The following tables show how CDBG funds were allocated and obligated and the resulting number of funded projects in 2008 and 2009. Based on these successful outcomes, the historic demand for assistance and the anticipated amount of funds available for 2010, the tables also summarize how the CDBG Program proposes to allocate its funds in 2010.

Table 12 (*next page*) shows the anticipated and past total amount of available funds for grants and contingencies after program administration and technical assistance are deducted from HUD funds.

Table 12: CDBG Program Anticipated Funds for Grants and Contingencies

Administration, Technical Assistance and Contingency Fund	2008		2009		2010
	Estimated	Actual	Estimated	Actual	Anticipated
HUD Award	\$15,561,480	\$15,200,000	\$15,200,000	\$15,479,447	\$15,479,000
Administration/Technical Assistance	(\$566,844)	(\$556,000)	(\$556,000)	(\$564,383)	(\$564,370)
Contingency Fund Balance (Approximate)	-	\$2,900,000	-	\$4,100,000	\$892,982
Total Available Funds For Grants	-	\$17,544,000	-	\$19,115,064	\$15,807,612

Table 13 shows anticipated and past CDBG program allocations and awards by fund, including the number of projects funded and total number of applications.

Table 13: CDBG Allocations and Awards by Fund

CDBG Allocations and Awards by Fund	2008		2009		2010
	Allocation (see 2008 Action Plan)	Actual Awards (see 2008 PER)	Allocation (see 2009 Action Plan)	Actual Awards (as of 9/09)	Anticipated Allocation
<u>General Purpose</u>	\$12,000,000	\$11,120,901	\$11,500,000	\$11,479,595	\$12,000,000
# of awards (total applications)	-	19 (31)	-	14 (29)	16
<u>Housing Enhancement</u>	\$950,000	\$1,600,000	\$1,000,000	\$1,389,909	\$1,000,000
# of awards (total applications)	-	4 (6)	-	5 (8)	4
<u>Imminent Threat</u>	\$200,000	-	\$200,000	\$96,481	\$200,000
# of awards (total applications)	-	-	-	2 (2)	1
<u>Planning-Only</u>	\$250,000	\$250,000	\$400,000	\$409,000	\$400,000
# of awards (total applications)	-	10 (15)	-	14 (19)	14
<u>Public Services</u>	\$1,589,400	\$1,589,400	\$1,557,612	\$1,557,612	\$1,557,612
# of awards	-	12	-	12	12
Total	\$14,961,993	\$14,560,301	\$14,657,612	\$14,932,597	\$15,807,612
# of awards (total applications)	-	45 (64)	-	47 (60)	47

Table 14 shows anticipated and past allocations for CDBG-supported loan fund programs.

Table 14: CDBG-Supported Loan Fund Program Allocations

CDBG-Supported Loan Fund Programs	2008		2009		2010
	Allocation (see 2008 Action Plan)	Actual Awards (see 2008 PER)	Allocation (see 2009 Action Plan)	Actual Awards (as of 9/09)	Anticipated Allocation
Float-Funded Activity Grants (Float Loans)	\$16,000,000	\$440,000	\$15,000,000	\$2,000,000	\$15,000,000
Rural Washington Loan Fund (RWLF)	\$7,200,000	\$0	\$7,200,000	\$1,100,000	\$7,200,000
Section 108 Loan Guarantee Program	\$17,000,000	\$0	\$15,000,000	\$0	\$15,000,000
Total Loans		\$440,000		\$3,100,000	

Funding Limits for Specific CDBG Activities

There are four statutory limits on the amount a state can spend for specific eligible activities under the CDBG program. The state is not allowed to use any more than 3 percent plus \$100,000 of its total annual award for program administration carried out by state staff in operation of the program, of which 1 percent can cover eligible technical assistance activities conducted by state staff.

The state is also restricted from using any more than 15 percent of its annual allocation for public service activities, and no more than 20 percent for planning activities, state program administration and grantee administration. Eligible activities for CDBG public service and planning resources are described below in the Planning-Only Grant and Public Services Grant sections.

CDBG Program Review of Requested Grant Amounts

Grants consisting of more or less than the amount originally requested may be awarded at the Department of Commerce's discretion based on discussions with the local government. The preliminary notice of project selection does not imply approval of all activities or all costs proposed in the selected application. The grant agreement, once executed, is the legal document that governs the administration of the grant.

Minimum Performance Standards

The Department of Commerce reserves the right to deny, review or fund applications that include the involvement of local governments or organizations with serious unresolved audit findings related to performance or capacity.

Further, the Department of Commerce reserves the right to postpone grant contracting or to deny funding if there is a significant problem with previous grantee performance. In such situations, the grantee is responsible for development and initiation of corrective action satisfactory to Commerce. Upon request, Commerce will provide technical assistance to the community to help ensure timely completion of approved project activities.

FUND-SPECIFIC PROGRAM INFORMATION AND METHOD OF DISTRIBUTION

Following are complete descriptions of each specific CDBG program or fund, including application requirements, eligibility guidelines, methods of funding distribution and award processes. The actual projects to be funded in 2010 will be guided by the eligibility guidelines and selection criteria described in the 2010 grant application materials for the specific CDBG funds. Information is also available in the Rural Washington Loan Fund (RWLF) Guidelines, the Section 108 Loan Guarantee Guidelines, and the CDBG Float-Funded Activity guidelines.

2010 CDBG General Purpose Grants

General Purpose Grants are generally made available annually on a competitive basis to assist eligible cities, towns and counties in carrying out significant public facility, community facility, economic development/micro-enterprise assistance, and housing rehabilitation projects that principally benefit low- and moderate-income persons.

General Purpose Grant applications will be evaluated on their compelling need for public assistance; feasible technical solution to the problem or opportunity identified and agreed to by affected citizens; the local government and the appropriate regulatory agencies; local government capacity; project readiness; clear and feasible plan for implementing the project and maintaining its operation into the foreseeable future; and credible evidence that the results will be commensurate to the amount of public funds requested.

Amount of Funds Available

Approximately \$12 million is available for General Purpose Grants. The Contingency Fund may also be used for priority projects on a funds available basis.

The maximum grant for General Purpose Grant applications is \$1 million, or \$1.5 million for projects with a total project cost exceeding \$10 million. An applicant's request for the maximum amounts must be well justified and will be thoroughly evaluated during the rating and selection process.

Application Guidelines

Application Deadline

Applications must be submitted on or before January 21, 2010. An application is considered submitted if it is postmarked on this date or hand-delivered by 5:00 pm on this date, and contains all the elements necessary to pass threshold review. Applications postmarked or hand-delivered after this date will not be accepted. A list of applicants selected to receive 2010 General Purpose Grants will be published by early May 2010.

Application Requirements

- Each eligible local government may submit only one General Purpose Grant application during the 2010 General Purpose Grant funding cycle, with the exception that a local government may submit two applications if one is for micro-enterprise assistance.
- Each applicant must demonstrate that at least 51 percent of the beneficiaries of each proposed activity in the application are low- and moderate-income persons, with the exception that an activity eliminating slum or blight may be eligible under the second CDBG national objective (elimination of slum or blight).
- Applications must be for related activities supporting a specific local project.
- The amount requested cannot exceed the maximum average CDBG investment of \$25,000 per benefiting household or direct job created. For housing rehabilitation projects that include lead-based paint mitigation activities, the maximum average can be up to \$35,000 per household.

- Detailed instructions and requirements for developing a General Purpose Grant proposal and application will be provided in the 2010 General Purpose Grant Application Handbook.

Eligible and Prioritized Activities

A variety of activities are eligible for CDBG General Purpose Grant funding as described in the 2010 CDBG General Purpose Grant Application Handbook. The state has prioritized its General Purpose Grant funds for sewer, water and street activities that address public health and safety; community facilities, including facilities for the homeless and special need populations; economic development/micro-enterprise assistance, and housing rehabilitation activities.

Ineligible Activities or Non-prioritized Activities

As a general rule, activities not specifically identified as eligible in Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended, and 24 CFR Part 570.201 are considered to be ineligible. Examples of ineligible projects include: buildings used for the general conduct of government, equipment purchase, maintenance and operation of public facilities, and new housing construction. In addition, some activities may be eligible under the statute, but are not prioritized for a General Purpose Grant.

Method of Funding Distribution

The selection process for new General Purpose Grant proposals consists of three stages:

- Threshold review
- Rating and selection
- Award

Threshold Review

Threshold review is conducted to ensure the application is complete and timely, pre-application citizen participation requirements are met, amounts requested are within the limits, and all required assurances of compliance and certifications are adequate.

No points are awarded during this stage. Applications that fail to meet minimum threshold requirements will not advance to the rating and selection stage. Incomplete applications that meet the minimum threshold requirements will be rated based on the application received.

When conducting the threshold review, CDBG program staff may contact the applicant to resolve threshold issues; however, new information will not be requested or accepted after the application deadline.

Rating and Selection

Applications will be evaluated and scored by review teams, grouped by project type. An application that includes coordinated activities under different project types will be evaluated as a comprehensive project type if these activities achieve greater results than if

completed independently. If an application contains unrelated activities, the activities will be rated separately and the application's total score will be averaged from the points awarded to each activity. Commerce may consult with informed third parties including local, state and federal agencies and may make site visits to assist in the rating and selection process.

Applications receiving scores of at least 65 points will receive funding in rank order, up to the total amount of funds available for 2010 General Purpose Grants. Remaining funds, if any, will be transferred to the Contingency Fund for distribution. Applications will be evaluated and assigned points based the following criteria shown in Table 15:

Table 15: CDBG General Purpose Grants Rating Criteria

Rating Criteria	Maximum Possible Score
Need Statement	25 points
Capacity Statement	25 points
Readiness Statement	25 points
Results Statement	25 points
Total Maximum Score	100 points

All applications will include the same elements; however, the basis by which points are awarded for each criterion will be different for each project category (i.e., public facilities, community facilities, economic development, housing, and comprehensive). Applications will be evaluated based on the criteria identified in the following sections. The scores derived for each rating criterion are determined by evaluating the information provided by applicants that address similar activities. A final ranked list is established by evaluating the level of public benefit to be achieved by each project. The ultimate goal of the General Purpose Grant rating and selection process is to select projects most likely to provide the highest possible return for the public funds invested, as determined by the public benefit to be achieved.

Need Statement Rating Criteria (25 points – maximum score)

The “NEED” statement will be evaluated on a competitive basis against other projects, based on:

- The clarity of the need - including whether it is substantiated with data and documentation, and the credibility of the documentation.
- Degree to which the proposed project is consistent with past planning efforts, or if not, a clear reason why.
- A comparison of the relative hardship and the frequency of the identified need.
- Number and economic status of individuals affected by the need, including both the impact on the community at large and the impact on low- and moderate-income persons in particular.
- The level of urgency to address the need – including whether it has been ordered as part of a mandated corrective action.
- Estimation of what would happen if nothing were done.

Capacity Statement Rating Criteria (25 points – maximum score)

The “CAPACITY” statement will be evaluated on a competitive basis against other projects, based on:

- Whether or not the local government (and participating subrecipient if applicable) has the organizational/financial capacity and authority to address the need on its own.
- Financial need – including whether the community is sufficiently contributing towards the project (given its capacity in terms of revenues, debt capacity, potential user fees, staff resources, leveraged funds, etc.).
- Past efforts and/or attempts to address the need.
- Capacity of the local government (or responsible subrecipient) to operate and manage the project into the foreseeable future.

Readiness Statement Rating Criteria (25 points – maximum score)

The “READINESS” statement will be evaluated on a competitive basis against other projects, based on:

- Certainty that the project as proposed is technically feasible, cost effective and the most appropriate alternative.
- Whether or not the necessary relationships between the organizations needed to make the project work in the long-term are clearly established and appropriate.
- Documentation demonstrating strong agreement among all interested and affected parties that the project as proposed is necessary and appropriate.
- Extent to which all necessary financial and non-financial project participants are firmly committed and involved at the point of application.
- Evidence that the time between grant award and the point at which the public benefits will begin is minimal.
- Thoroughness and reasonableness of the Budget Assumptions and Budget Form.
- Completeness of the Work Plan narrative and Work Plan Form.

Results Statement Rating Criteria (25 points – maximum score)

The “RESULTS” statement will be evaluated on a competitive basis against other projects, based on:

- Degree of certainty that the project will have the desired impact and will address the need in the way and to the level it was intended.
- The project’s benefit to persons and households both above and below the low- and moderate-income level within the intended service area.
- Methods that will be used to measure results and how this information will be used and reported.
- Return on Investment; the degree of certainty that the project will produce outputs and outcomes that are commensurate with the amount of public resources provided and secured.

Announcing Recipients

When the rating process is complete, funding recommendations will be made to Commerce management for those most highly ranked projects up to the total amount of funds available for 2010 General Purpose Grants. Applications must receive a score of

65 points or greater to be eligible for a grant award. After receiving management approval, legislators will be notified and all applicant communities will receive written notice of rating process results. Technical assistance will be available to all unfunded applicants.

2010 General Purpose Grant recipients will be announced in May 2010. Funds will be available when the grant agreement and environmental review requirements are complete.

Delays in completing the execution of a final grant agreement of ninety days or more from the date of the award letter may lead to the rescission of the award and an invitation to apply during the next CDBG General Purpose Grant application cycle.

Relationship between General Purpose Grants and Other CDBG Funds

An eligible local government can apply for more than one type of CDBG funding within the same year. However, a local government cannot apply for more than one General Purpose Grant per program year, with the exception that a local government may submit two applications if one is for micro-enterprise assistance.

2010 CDBG Housing Enhancement Grants

CDBG Housing Enhancement Grants are made available to provide flexible companion funding for competitive applications to Commerce's Housing Trust Fund. The purpose of the Housing Enhancement Grant program is to streamline the financing of eligible housing projects with the Housing Trust Fund and to prevent the need to wait for the annual General Purpose Grant funding cycle to receive CDBG assistance. CDBG program funds will be available for those projects located in eligible local governments, and when the local government agrees to support the project.

Amount of Funds Available

A fund of up to \$1 million will be set aside to award Housing Enhancement Grants in coordination with successful companion Housing Trust Fund applications. Additional monies from the Contingency Fund may be used for priority projects on a funds available basis.

Application Guidelines

Application Deadline

CDBG Housing Enhancement Grants are made in concert with the Housing Trust Fund application processes. Announcements of CDBG funding determinations will be announced in coordination with Housing Trust Fund processes.

Application Requirements

Housing Enhancement applications should address the following areas for review:

- Funding gap analysis that identifies within the Housing Trust Fund companion application, the need for CDBG funds, and explains why other sources are not available to fill the identified gap.
- Certifications by the eligible applicant local government demonstrating local commitment to the project, administrative capacity, and intent to submit a full application for a CDBG Housing Enhancement Grant.

Eligible Activities

CDBG Housing Enhancement Grants are available to cover CDBG eligible project costs that are not eligible for Housing Trust Fund assistance, but are essential to the project's overall success. Examples of eligible costs include off-site infrastructure that is essential to a housing project and is considered an ineligible cost to the Housing Trust Fund. Housing Enhancement funds can also be used to pay for the non-housing costs of projects that are integral to a comprehensive project. An example would include the costs of a day care facility incorporated into the design of a housing project requesting Housing Trust Fund assistance.

A complete listing of CDBG eligible activities can be found in Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended.

Ineligible Activities

In general, any activity not described in the reference above, or any activity that does not benefit low-income persons, is ineligible for consideration. In addition, CDBG Housing Enhancement Grants may not be used to fund:

- New housing construction (including on-site service connections).
- Costs of equipment.
- Furnishings.
- Personal property that is not an integral structural fixture, such as window air conditioners, washers or dryers.
- Installation of luxury items, such as swimming pools.

Method of Funding Distribution

The selection process for CDBG Housing Enhancement Grant applications consists of two stages: (1) Housing Trust Fund application evaluation; and (2) CDBG full application evaluation.

Housing Trust Fund Evaluation

- Applications will first be reviewed and approved for funding following the Housing Trust Fund application process.
- In partnership with the housing developer applying for Housing Trust Funds, a local government applying for a Housing Enhancement Funds must submit initial CDBG forms as part of the Housing Trust Fund application demonstrating commitment to the housing project, administrative capacity, and intent to submit a full application for a CDBG Housing Enhancement Grant.

CDBG Evaluation

When Housing Trust Fund applications are being evaluated, they will be reviewed to determine if CDBG program funds can be appropriately used in the project. If a project is approved by Housing Trust Fund, CDBG will evaluate whether:

- The project is in an eligible city or county;
- CDBG funds will fill a financing gap;
- CDBG funds cover costs that cannot be paid for by other funding sources;
- The local government has the commitment and capacity to successfully administer the project; and
- The amount required does not exceed the amount of CDBG funds available.

The local government will be informed of the potential grant offer and invited to submit final CDBG Housing Enhancement Grant application documents:

- Meeting the federal citizen participation requirements, including conducting a public hearing;
- Agreeing to comply with the required federal and state certifications; and
- Agreeing to be responsible for the CDBG portion of the project.

Relationship between Housing Enhancement Grants and Other CDBG Funds

A local government can apply for more than one type of CDBG funding within the same year. However, a local government cannot apply for more than one Housing Enhancement Grant per program year. Also, a local government is not allowed to receive both a Housing Enhancement Grant and a General Purpose Grant for the same project. To be considered for funding for the current program year, the local government must submit the application's signed Project Summary form by December 31st of that program year.

2010 CDBG Imminent Threat Grants

Imminent Threat grants are meant to provide an interim solution to problems of an urgent nature and have a potential for impacting public health and safety in ways that cannot be effectively addressed through the General Purpose grant application process. In situations where there is not a feasible interim solution, up to \$50,000 of Imminent Threat funding may be used to provide a permanent solution.

Applicants for Imminent Threat funds must be suffering from an immediate and urgent threat to public health or safety, verified by an independent source and the local government must not have the financial capacity to solve the problem.

Amount of Funds Available

\$200,000 is set aside from the state's annual CDBG allocation for Imminent Threat grants to address the urgent needs of eligible applicants. This funding level will be maintained on a funds-available basis with monies that become available from the Contingency Fund throughout the year, such as recaptured funds or program income. The ultimate amount of funds obligated for Imminent Threat may increase depending upon the number of Imminent Threat requests and the amount of funds made available from the Contingency Fund.

Any unused Imminent Threat grant fund balance remaining at the end of a program year will be made available for the next program year's funding distribution.

Application Guidelines

Application Deadline

Applications for Imminent Threat grants may be submitted any time during the 2010 program year.

Application Requirements

Applications for Imminent Threat grants are considered if there is a unique, emergent need posing a serious immediate threat to the health or safety of a community. Imminent Threat grant applications should be submitted with a letter signed by the authorized chief administrative officer of the eligible local government. The application must describe the public health and safety problem and specifically address the following:

- The cause of the threat/emergency in terms of a natural disaster or other unforeseen and unavoidable circumstance.
- The nature and extent of the threat to the public health and safety, (i.e., the number of people affected, the area affected, etc.).
- Whether the situation is presently causing substantial harm, or whether and how it poses a potential threat to life and property or both.
- Is the problem of recent origin; has it emerged within the last 18 months?
- Provide the name and telephone number of an official, independent of the local government, who is able to verify the threat to public health and safety.

- Does the threat/emergency constitute a situation unanticipated and beyond the control of the local government? What preventative actions were taken? Develop a chronology of actions.
- Can the situation be adequately managed to protect the public until the next competitive CDBG application cycle? If not, explain.
- Provide a detailed Scope of Work to address the problem.
- Estimate a schedule for project completion. Can the project be completed within 90 days? Projects funded by CDBG must be completed within 90 days from the execution date of the grant agreement, except in rare instances where extenuating circumstances require additional time.
- What alternative courses of action or designs are/were considered to address the immediate need on an interim basis?
- Identify any other local governments/districts involved in addressing the project. Provide a point of contact and phone number for those local governments/districts.
- Estimate project costs and funding sources for the proposed project. How and when were project cost estimates made?
- What financial reserves are available to resolve some (or all) of the problem?
- What will be the likely results if this application is not accepted for CDBG funding?
- Briefly describe the maintenance program for the system in question.
- Has the local government been placed in fiscal distress due to other recent emergency public works incidents? If “Yes,” please explain.
- Is this problem likely to happen somewhere else in the public works system at another time? How will the local government avoid the situation?

The local government applicant can request technical assistance as it works through answering these questions. Documentation of each response will be necessary before funding will be approved, including a copy of the Declaration of Emergency adopted by the jurisdiction. The Declaration of Emergency must be provided prior to or with the information requested above. Imminent Threat projects are not required to principally benefit low- and moderate-income persons.

The following certification and threshold requirements apply to Imminent Threat applications:

- Declaration of Emergency (only eligible costs incurred after the emergency is formally declared can be reimbursed)
- CDBG Resolution with Certification of Compliance
- Excessive Force Policy
- Residential Anti-Displacement and Relocation Assistance Plan
- Title VI Certification
- Citizen Grievance Procedure
- Environmental Review form
- A Project Summary form
- Independent verification of the problem

Eligible Activities

Imminent Threat funding is available to address problems immediately causing a threat to public health or safety. The solution must be compatible with CDBG eligible activities as described in the General Purpose Grant section of this Action Plan. A description of minimum eligibility standards, as developed by HUD, can be found in 24 CFR Part 570.483(d).

Method of Funding Distribution

Applications for Imminent Threat grants and appropriate documentation are evaluated by Commerce staff according to the questions identified above in “Application Requirements” and verified through contacts with independent sources and site visits, if deemed appropriate. The type and amount of assistance provided is based on an assessment of whether a serious, urgent, unanticipated threat to public health or safety exists, the scope of the need, the length of time the problem has been apparent, what preventive actions have been taken, proposed cost, how quickly the problem can be remedied, the applicant’s financial capacity and the availability of funding (i.e., from CDBG and other sources).

The Imminent Threat Grant review process is rigorous and intended to screen for only the most serious, emergency health and safety threats

Relationship Between Imminent Threat Grants and Other CDBG Funds

An eligible local government can apply for more than one type of CDBG funding within the same year. However, a local government cannot apply for more than one Imminent Threat Grant per program year. To be considered for funding from the current program year, the local government must be invited to apply and the full application must be received by December 31st of that program year.

2010 CDBG Planning-Only Grants

The purpose of funding local planning activities is to increase the capacity of eligible cities and counties to move forward on the implementation of priority projects that principally benefit low- and moderate-income persons. This increased capacity could be the result of:

- Essential knowledge gained through data collection and analysis;
- Local consensus achieved on recommendations for implementation;
- Regulatory prerequisites met; and/or
- Necessary partnerships developed.

CDBG Planning-Only Grants seek to achieve a measurable return on the investment of planning funds through cost savings with implementation. Examples include:

- Determining feasibility before investment of construction funds.
- Identifying and addressing obstacles that could result in cost overruns, project delays or project failure.
- Considering and testing less expensive alternatives.
- Building consensus between local stakeholders or with regulatory agencies, thereby reducing potential legal battles or project delays.
- Building local support and leveraging local resources, especially through long-term fiscal planning.
- Identifying regional partners and shared objectives to reduce duplication of effort.
- Establishing outcome measurements to guide and demonstrate successful implementation.
- Proactively addressing a problem, instead of reactively responding to a more expensive crisis in the future.

Program Purpose

CDBG Planning-Only Grants support eligible small communities and counties in carrying out planning activities that lead to the implementation of priority projects that principally benefit low- and moderate-income persons. Technical and financial assistance, through direct support and/or in partnership with other Commerce programs, is available to achieve this goal.

National Objectives

All CDBG Planning-Only Grant projects must meet one of the two following national objectives of the CDBG Program (Title I, Housing and Community Development Act of 1974, as amended):

- To principally benefit persons of low- and moderate-income; or
- To prevent or eliminate slums or blight.

Program Priorities

In addition, the project must address one or more of the Planning-Only Grant program priorities:

- To address public health and safety issues;

- To improve essential services to low- and moderate-income persons;
- To complete a necessary and specific step within a broader community development strategy;
- To assist communities in meeting planning requirements that will principally benefit low- and moderate-income persons; and/or
- To support local planning to affirmatively further fair housing.

Amount of Funds Available

A fund of \$400,000 is available in 2010. Planning grants are limited to \$24,000 for a single applicant or \$40,000 for a joint application involving two or more eligible local governments that share a common planning need. However, applications meeting all of the criteria listed below may be funded at an upper limit of \$35,000 for a single applicant or \$50,000 for a joint application involving two or more eligible local governments that share a common need.

- The proposed project is to address a public health and safety issue;
- The proposed project is required by a regulatory agency (such as Washington State Department of Health or Ecology);
- The community is facing financial hardship in addressing the issue; and
- Other funding has been considered (such as a Public Works Trust Fund Loan).

Application Guidelines

Application Deadline

Applications can be submitted beginning March 2010 through February 2011, with funds awarded according to the program rating and selection criteria on a funds available basis. Award decisions will be announced within 90 days of receipt of the complete application.

Eligible Activities

The CDBG Program works collaboratively with other Commerce programs to provide technical and financial assistance for a wide range of planning activities. In general, the eligible planning activities include:

- Studies
- Analysis
- Capital Facility Plans
- Data gathering
- Identification of implementing actions
- Preparation of plans

A complete listing of CDBG eligible planning activities can be found in Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended.

Ineligible Activities

In general, any type of activity not described in the reference above is ineligible for consideration. CDBG Planning-Only Grants may not be used to fund:

- General grant administration expenses;

- Engineering, architectural, and design costs related to specific construction activity;
- Actual blue prints;
- Direct development of an application to any of the CDBG Program funds; or
- Other costs of implementing plans. (These costs may be eligible for CDBG funding as part of a CDBG construction grant.)

Method of Funding Distribution

The method of funding distribution and the basis for selecting applications for funding are outlined in the following steps:

- Local government completes and submits an application packet.
- Application passes or does not pass the initial CDBG screening process to include review of threshold requirements such as program priorities, national objective, and eligibility. Review will also include public hearing documentation and an Interlocal Agreement (for joint applications only).
- The Commerce Resource Team is given the opportunity to comment on the planning activity. Comments will be taken into consideration during the rating process. Additional technical assistance may also be given to the applicant.
- CDBG program staff review the application, to ensure the:
 - Narrative describes a compelling need, capacity to implement the project, readiness to proceed and clear results if funded.
 - Work plans are thorough and well conceived, including relationships with subrecipients or consultants.
 - Budget is reasonable and complete, with appropriate leverage resources.
- Local government receives an award letter and Non-Construction Grant Management Handbook, and the project moves to execution of the grant agreement.

Award Review and Selection Criteria

To be funded, the applicant must provide complete and compelling information regarding their proposed project following the rating criteria outlined in the Application Handbook (and listed in the General Purpose Grant section of the 2010 Action Plan):

- Need Statement
- Capacity Statement
- Readiness Statement
- Results Statement

Joint Applications

When two or more eligible local governments are located in the same region and share a common planning need, they are encouraged to seek cooperative solutions by preparing a joint application. An Interlocal Agreement, signed by each participating local government, must be submitted with the application. Local governments considering a joint application are encouraged to contact the CDBG Program to review eligibility and approval of expanded budget.

Relationship Between Planning-Only Grants and Other CDBG Funds

An eligible local government can apply for more than one type of CDBG funding within the same year. However, a local government (including a local government participating in a multiple local government project) will not be awarded more than one Planning-Only Grant per year, so the planning project of highest priority should be submitted first.

A Planning-Only Grant cannot fund the direct development of another CDBG application, although some activities that could support a subsequent application are eligible for Planning-Only Grant funding. Receipt of a Planning-Only Grant *does not* guarantee that a related CDBG application will be funded.

2010 CDBG Public Services Grant

The Department of Commerce provides a portion of its annual CDBG award for Public Services Grants to eligible counties that utilize local Community Action Agencies as subrecipients to provide eligible services to low-income persons.

Amount of Funds Available

\$1,557,612 is set aside to fund Public Services Grants to counties and community action agencies serving non-entitlement communities. CDBG may reduce the amount proportionately if the HUD award to the state CDBG program is reduced.

Application Guidelines

Application Deadline

Counties and their local community action agency will be invited to apply within two months prior to allocation of 2010 funding. Grant agreements or amendments must be executed prior to disbursement of funds.

Application Requirements

- Funding to the community action agencies will be consistent with agreements made between the Community Services Division within Commerce and Community Action Agencies as related to distribution of Community Services Block Grant (CSBG) funding from the U.S. Department of Health and Human Services.
- The county grant applicants must meet all CDBG submittal requirements before grant agreements and amendments will be fully executed. This may include conducting a public hearing and conducting an environmental review of the activities.

Eligible Applicants

Eligible applicants for the Public Services Grants are counties serving all or a portion of the local community action agency's service region, as long as none of the service region contains counties with more than 200,000 populations and the county does not serve as a HUD Urban County Consortium.

Of the state's 31 community action agencies, it has been determined that the 12 community action agencies shown in Table 16 principally serve residents of non-entitlement areas within non-entitlement counties. For community action agencies that also serve an entitlement city within a non-entitlement county, state CDBG funds will only be used for eligible programs that target and benefit residents of the non-entitlement service areas of the county.

Table 16: CDBG Public Services Grant Subrecipients

County	Subrecipient Community Action Agency
Asotin	Community Action Partnership
Grant	North Columbia Community Action Council
Grays Harbor	Coastal Community Action Program
Jefferson	Olympic Community Action Programs
Kittitas	HopeSource
Okanogan	Okanogan County Community Action Council
Skamania	Washington Gorge Action Program
Stevens	NE WA Rural Resources Development Association
Thurston	CAC of Lewis, Mason and Thurston Counties
Walla Walla	Blue Mountain Action Council
Whitman	Community Action Center
Yakima	Yakima Valley Farm Worker Clinic / NWCAC

Eligible Activities

CDBG Public Services Grants are available to improve or increase the community's public services. According the Section 105(a)(8) of Title 1 of the Housing and Community Development Act of 1974, as amended, CDBG public service funds will be used for new services or expansion of services that benefit low-and moderate-income persons including, but not limited to:

- Employment
- Crime prevention
- Child care
- Health
- Drug abuse
- Education
- Energy conservation
- Welfare
- Recreational programs

The opportunity to receive General Purpose Grant funding of limited public service activities as a component of a larger facility or housing project is outlined in the General Purpose Grant Application Handbook.

Ineligible Activities

In general, any activity not described above and that does not principally benefit low- and moderate-income persons is ineligible for consideration.

CDBG Public Services Grants also cannot fund activities and their administration costs that are instead eligible for funding through another CDBG fund/line item, such as:

- Planning
- Housing rehabilitation
- Facility acquisition, construction or renovation

The methods for accessing CDBG funds for these activities not considered a CDBG public service activity can be found in the respective funds' sections of this Action Plan.

In addition, CDBG funds may not be used for:

- Administration costs related to the general management of the organization
- Political activities
- Payments to individuals for their food, clothing, utilities, or other income payments
- New housing construction costs

Method of Funding Distribution

Of the state's 31 community action agencies, 12 principally serve residents of non-entitlement areas of non-entitlement counties and are eligible for a Public Services Grant. The January through December, 2010 distribution of CDBG Public Services Grants and its partner the state CSBG Program is based on a negotiated agreement with the state's community action agencies. This distribution of funds described in the Washington State Plan for the CSBG Program takes into account population and poverty data.

Relationship Between Public Services Grants and Other CDBG Funds.

An eligible local government can apply for more than one type of CDBG funding within the same year. However, a local government cannot apply for more than one Public Services Grant per program year.

2010 CDBG Contingency Fund

The Contingency Fund is the accumulation of recaptured/deobligated funds, remaining funds allocated to a grant fund that was unobligated at the end of the program year, and program income. These accumulated funds are carried over to the next program year and made available for new grant awards as described in the individual fund sections of this Action Plan.

Amount of Funds Available

Commerce's goal is that at least \$1.5 million will be available for the 2010 Contingency Fund. Any recaptured funds or remaining funds that become available during the program year will be added to the Contingency Fund.

These funds are projected to be available by July 2010, after HUD awards the state its 2010 funding agreement. 2009 Contingency Funds will be used to cover awards made early in the calendar year, before the state receives its HUD award. This process supports the timely expenditure of CDBG resources and assures that the immediate funding needs of a priority local project can be met.

Use of Funds

Resources available in the Contingency Funds will be prioritized to first maintain the Imminent Threat Grant funding level at \$200,000; to assist existing CDBG grant agreements in need of supplemental funds; and then to priority urgent projects on a funds-available basis.

The Contingency Fund also allows the awarding of CDBG funds, if HUD is late in allocating the new, annual award to Commerce.

Funds remaining in the Contingency Fund at the end of the program year will be carried over into the next program year's Contingency Fund and distributed in a manner that is consistent with the overall goals, objectives and guidelines of the Action Plan.

Application Requirements

The application requirements are outlined in the individual fund sections of this Action Plan.

2010 CDBG Contingency/Supplemental Grants

Supplemental Grant requests are awarded on a funds available basis from the CDBG Contingency Fund. Supplemental Grant awards are intended as a last resort funding option for grantees whose approved projects have encountered unanticipated costs overruns. Once a Supplemental Grant is awarded, the supplemental funds are incorporated into the grant agreement through an amendment process.

Amount of Funds Available

Supplemental Grants are made available through the Contingency Fund on a funds available basis. Any recaptured funds or remaining funds that become available during the program year will be added to the Contingency Fund and be made available for priority Supplemental Grant requests. The ultimate amount of funds obligated for Supplemental Grant may increase depending upon the number of Supplemental Grant requests and the amount of funds made available from the Contingency Fund.

Resources available in the CDBG Contingency Fund will be made on a priority basis first to CDBG Imminent Threat grant requests and then to existing CDBG grant agreements in need of supplemental funds.

Applications for Supplemental Grants may be submitted anytime during the 2010 program year and are awarded on a funds available basis.

Eligible Applicants

An applicant for a Supplemental Grant must have an open CDBG grant agreement.

Eligible Activities

Supplemental Grants are available to complete previously approved CDBG funded activities in communities with existing CDBG grant agreements that do not exceed the maximum grant amount.

Application Requirements

Under normal circumstances, Commerce will not grant additional funds to pay for costs which exceed the originally approved project budget. However, subject to funds being available at the time of request, and CDBG funds not exceeding the original grant limit, Commerce may authorize the use of Contingency Funds for unanticipated costs caused by circumstances beyond the reasonable control of the grantee, provided that all other program requirements and objectives can be met.

All supplemental funding actions must obtain Commerce approval before any reimbursement of funds occurs.

A request for supplemental funding must be submitted in the form of a letter, signed by the authorized chief administrative officer of the eligible local government, which addresses the following questions and provides documentation for each response.

All applicants for supplemental funds must answer the following questions:

- Has the grantee received the maximum CDBG grant amount according to grant limits for the funding year? Under special circumstances, giving consideration to the maximum average CDBG cost per household by program area, total awards may be increased to current year award levels.
- Can the goals (or part of the goals) of the project be realized without additional funds? If no, why not?
- Could the need for additional funds have been reasonably anticipated? If yes, why were appropriate steps not taken to prevent project cost overruns?
- Can the need for additional funds be met through an internal budget procedure (i.e., using money designated for another line item)?
- Are there alternative courses of action available to solve the problem?
- Have all other sources of funding been exhausted?

Method of Funding Distribution

Grantee requests will be subject to review for “reasonableness.” Reasonableness will be determined by Commerce’s review of the applicant’s response to the questions as listed above in “Application Requirements.”

Relationship Between Supplemental Grants and Other CDBG Funds

A CDBG recipient may apply for a Supplemental Grant for an existing project, as well as apply for any other CDBG fund for another project during the same program period.

CDBG-SUPPORTED LOAN FUND PROGRAM INFORMATION

2010 Section 108 Loan Guarantee Program

Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. Regulations governing the Section 108 program may be found at 24 CFR 570, Subpart M, “Loan Guarantees.” For a current list of obligations to date, see Table 18.

Although this pledge does not immediately reduce the state’s CDBG allocation, future reductions due to payment default may result in the reduction of the state’s annual award. Reduction to the state’s annual award will be absorbed by the Contingency Fund. Reductions in excess of the available balance within the Contingency Fund will be absorbed proportionally by all CDBG programs. Although there have been net reductions in the past, there were no net reductions occurring in program year 2010.

Amount of Funds Available

The state will pledge up to the amount of its 2010 CDBG allocation or \$15,000,000 (whichever is greater) to guarantee loans. More resources may be made available, up to the maximum allowable by HUD, on a project-by-project basis at the discretion of the Director of the Department of Commerce.

Application Guidelines

Application Deadline

Applications for the Section 108 Loan Guarantee Program may be submitted throughout the 2010 CDBG program year.

Application Requirements

Applications for the Section 108 Loan Guarantee Program will be reviewed and approved by Commerce staff. Applications must be submitted by eligible local governments. Applicants may request a minimum of \$700,000 and a maximum of \$7 million. An eligible local government may submit more than one application each year; however, in no event shall a local government receive more than \$7 million in outstanding Section 108 Loan Guarantees. Application guidance can be found in the Section 108 regulations at 24 FR 570.704, “Application Requirements.”

An application will consist of:

- Evidence that the local government has complied with Citizen Participation Requirements, including at least one well publicized public hearing and the adoption of a CDBG Grievance Procedure;
- A loan guarantee request signed by the authorized chief administrative officer of the local government;

- Evidence that a concerted effort was made to obtain alternative sources of financing and that such sources, both public and private, were either not available or were insufficient to meet the financing needs;
- A breakdown of total project costs;
- Sufficient financial history and projections to allow for a comprehensive risk assessment and the completion of a credit memorandum by staff that is in compliance with HUD's Underwriting Guidelines for Section 108 Applications;
- A source and use of funds statement;
- Documentation supporting the job impact or other impact to low- and moderate-income persons;
- Assurance that all CDBG Program requirements will be met, and that HUD citations show that the proposed activity is eligible and meets one of the national objectives (low- and moderate-income benefit, prevention/elimination of slum/blight, or urgent need); and
- Evidence that the applicant local government has passed a resolution with Certifications of Compliance authorizing submittal of the CDBG Section 108 Loan Guarantee application and certifying compliance with specific state and federal requirements.

Eligible Activities

Section 108 Loan Guarantees are available for specifically allowed revenue-producing CDBG eligible activities. Section 108 Loan Guarantee funds may be used for activities undertaken by a public entity or its designated public agency that will:

- Meet the public benefit criteria, as defined by HUD; and
- Assure that all CDBG Program requirements will be met.

Activities eligible for Section 108 financing include:

- Economic development activities eligible under CDBG;
- Acquisition of real property;
- Rehabilitation of public-owned real property;
- Housing rehabilitation eligible under CDBG;
- Construction, reconstruction, or installation of public facilities (including street, sidewalk, and other site improvements);
- Related relocation, clearance, and site improvements;
- Payment of interest on the guaranteed loan and issuance costs of public offerings;
- Debt service reserves; and
- In limited circumstances, housing construction as part of community economic development, Housing Development Grant, or Nehemiah Housing Opportunity Grant programs.

For purposes of determining eligibility, the CDBG rules and requirements apply. As with the CDBG program, all projects and activities must either principally benefit low- and moderate-income persons, aid in the elimination or prevention of slums or blight, or meet urgent needs of the community.

Ineligible Activities

Activities not eligible for Section 108 Loan Guarantees include:

- Activities not meeting the public benefit criteria, as defined by HUD; and
- Activities ineligible under the CDBG program.

Requirements of Funding

The use of Section 108 Loan Guarantees will be considered only if the following requirements are met:

- The project meets the public benefit criteria, as defined by HUD;
- The project adheres to all CDBG Program requirements; and
- The project complies with all applicable federal, state, and local laws and regulations.

Method of Funding Distribution

Applications for Section 108 Loan Guarantee Program funds will be evaluated on an individual basis using the following criteria:

- Need for the assistance (i.e., the assistance is “appropriate” for the project);
- The ratio of jobs created to Section 108 Loan Guarantee funds requested is reasonable for the type of activity proposed. HUD’s requirement for individual businesses is a maximum of \$50,000 assistance per full-time equivalent, permanent job created or retained. Commerce guidelines are flexible and average around \$25,000 in assistance per FTE job created or retained;
- The project adheres to all CDBG Program requirements;
- The proposed repayment term is 20 years or less;
- Other reasonable financing alternatives have been exhausted; and
- Request for funds allows for a minimum of \$700,000 and a maximum of \$7 million.

Review and Approval Process

Applications for Section 108 Loan Guarantees must be reviewed and approved by the state prior to being submitted to HUD. The state’s review will consist of an evaluation and recommendation by Commerce staff, which will include both the International Trade and Economic Development Division staff or Housing Division staff, and CDBG program staff; when appropriate, the Rural Washington Loan Fund Advisory Committee; and finally, approval by Commerce’s Director. The Director may place additional conditions on the loan guarantee and may require that up to 10 percent of the loan proceeds be reserved for defaulted loan payments.

The application and supporting documents will then be forwarded to the HUD Regional Office. After review and approval by the Regional Office staff, the application will be forwarded to HUD Headquarters in Washington, D.C., for final review and approval. HUD may impose additional conditions on the loan guarantee.

Special Requirements

Applicants receiving approval:

- May be required to establish a reserve account of up to 10 percent of the loan amount;
- Will be charged an interest rate of the cost of borrowing plus a one-time commitment fee of up to 1½ percent of the loan amount; and
- Will pledge adequate collateral commensurate with the risk and term of the request.

Use of Section 108 Program Revenues

Any incremental servicing fees assessed over the cost of borrowing or commitment fee shall be used for administrative costs.

2010 Rural Washington Loan Fund

The Rural Washington Loan Fund (RWLF), administered by Commerce, was created by the Washington State Legislature to provide “gap financing” loans to small businesses, primarily in economically distressed and timber-impacted areas of the state. To conform to the State Constitution, the RWLF Program exchanges the state appropriated RWLF funds with an equal amount of CDBG Program funds. RWLF is guided by RCW 43.168, in addition to HUD regulations.

Amount of Funds Available

The RWLF Program anticipates funding authority of approximately \$7.2 million for the 2010 program year. In the event that the RWLF lacks sufficient resources to complete an eligible loan request at any point in the year, up to \$500,000 annually will be made available from the state’s award.

Application Guidelines

Application Deadline

Applications for RWLF loans are accepted throughout the year. Recommendations regarding applications will be made to the RWLF Advisory Committee. The committee’s recommendation requires the approval by Commerce’s Director.

Application Requirements

An application to the RWLF must be on behalf of a specific business project. An eligible local government may submit more than one application at any time. Applications up to a maximum of \$1,000,000 each may be accepted.

An application will consist of:

- An application signed by the authorized chief administrative officer of the local government;
- Documentation supporting the need for the assistance and job impact;
- Confirmation/documentation of authority of the business to enter into the transaction;
- Evidence that the local government has complied with Citizen Participation Requirements, including at least one well publicized public hearing and the adoption of a CDBG Grievance Procedure; and
- Assurance that all CDBG Program requirements will be met.

Eligible Applicants

The Washington State Legislature has targeted at least 80 percent of the RWLF funds to distressed and timber-impacted areas. A distressed area has been defined in RCW 43.168.020 as 1) a rural county (one that has less than 100 resident per square mile); 2) a county with an unemployment rate 20 percent above the state average for the immediately previous three years; 3) a county with a median household income level that is less than the state median household income for the previous three years; or 4) an area within a county that meets the following conditions:

- It is composed of contiguous census tracts;
- It has a minimum population of 5,000;
- It has a median household income level that is less than 75 percent of the state median household income for the previous three years; and
- It has an unemployment rate 40 percent higher than the county's unemployment rate.

A timber/salmon impact area has been defined as a county, or a city within a county, having a population of less than 500,000 and meeting two of the following three criteria, for the most recent year that such data is available. The Employment Security Department has determined that the three criteria are that a county or city has:

- A lumber and wood products employment location quotient at or above the state average;
- Projected or actual lumber and wood products job losses of 100 or more; and
- An annual unemployment rate 20 percent or more above the state average.

The county or any city within a distressed county may sponsor a RWLF application. Non-distressed areas may receive up to 20 percent of RWLF funds provided that the fund's net worth is not less than \$7,100,000.

Eligible Activities

RWLF can accommodate almost any type of private sector business that has the legal authority to borrow funds. This includes owner-users, developers, not-for-profit organizations, and quasi-public corporations such as ports, limited partnerships, general partnerships, proprietorships, and community organizations. RWLF priority ventures include business projects that will:

- Meet public benefit criteria, as defined by HUD;
- Create or retain job opportunities benefiting low- and moderate-income persons; and
- Increase cash flow into the community by diversifying and expanding the economic base.

The business may be involved in any of the following activities:

- Manufacturing or other industrial production;
- Agricultural development or food processing;
- Aquaculture development or seafood processing;
- Development or improved utilization of natural resources;
- Tourism facilities;
- Transportation or freight facilities;
- Retail or service enterprises that will expand the community's economic base rather than redistribute an existing customer base; and
- Other activities representing new technology or a type of economic enterprise that is needed to diversify or stabilize the economic base of an area.

A business that faces a relatively high probability of layoffs needs to demonstrate that:

- Prospects for a turn-around of profitability are good;
- The economic fabric of the community would be significantly damaged through the projected loss of jobs; or
- The business has a record of providing jobs for which low-income persons are eligible.

Funds can be loaned for the acquisition, design and engineering, improvement, rehabilitation, construction, operation, or maintenance of any property, real or personal, which is used or is suitable for use by an economic enterprise (subpart CFR 570.203). Working capital term loans are eligible.

RWLF loans are typically used for “gap” financing, to help cover a “gap” between the costs of a financing project and the monies that can either be borrowed from other lenders or supplied by investors. As a “gap” lender, RWLF loans are usually limited to 33 percent of the project cost. However, applications from certified minority- and women-owned businesses (MWOB) may receive 100 percent funding if the request is less than \$50,000 and are allowed to have less than 67 percent lender participation if the request is greater than \$50,000 but less than \$100,000. The underwriting criteria for MWOB loans under \$100,000 can be more flexible than for typical RWLF loan applications.

Ineligible Activities

Activities not eligible under the RWLF Program include:

- Funds used for the purpose of directly or indirectly financing shopping malls;
- Businesses which have a negative tangible net worth; and
- Those activities that do not meet the public benefit criteria, as defined by HUD.

Method of Funding Distribution

Applications for RWLF loans will be evaluated on an individual basis using the following criteria:

- The need for assistance must meet the public benefit requirements for the project. HUD’s public benefit requirement for individual businesses is a maximum of \$50,000 assistance per full-time equivalent, permanent job created or retained. HUD’s standards for activities in the aggregate must create or retain at least one full-time equivalent (FTE), permanent job per \$35,000 of CDBG funds used;
- RWLF guidelines are flexible and average around \$25,000 per FTE job created or retained;
- Job creation. Permanent jobs created or retained as a result of the project will be made available to low-income persons; and
- Other criteria as defined by RWLF statute.

Use of RWLF Program Revenues

Businesses receiving assistance through the RWLF are required to make principal and interest payments. Up to 2 percent of program income, including principal and interest and investment earnings received by the fund may be used for RWLF Program administration. The balance of the program income will be made available for future loans through the RWLF Program.

2010 CDBG Float-Funded Activities

Commerce manages the Float-Funded Activities program that serves the non-entitlement local governments by using CDBG funds allocated to the Washington State CDBG Program, but not expected to be drawn down for the duration of the loan term. These funds may be used to provide short-term loans to businesses/developers. Float-funded activities are described in the HUD regulations at 24 CFR 570.301(b).

Amount of Funds Available

Based on the estimated cash expenditures of CDBG construction grants and the amount of estimated funding available for the 2010 Washington State CDBG program, the maximum estimated amount of funding for Float-Funded Activities is \$15,000,000. For projected and existing Float-Funded activity obligations, see Table 17.

Application Guidelines

Application Deadline

Applications for CDBG Float-Funded Activity grants may be submitted anytime after adoption of the 2010 Action Plan. The decisions related to project approval or denial will be made by the Director of the Department of Commerce.

Application Requirements

An application for a Float-Funded Activity must be on behalf of a specific economic or community development project. An eligible local government may submit more than one application at any time.

An application will consist of:

- An application signed by the authorized chief administrative officer of the local government;
- Documentation supporting the need for the assistance and job impact or benefit to low- and moderate-income persons;
- Confirmation/documentation of authority of the business or community development organization, or local government to enter into the transaction;
- Evidence that the local government has complied with Citizen Participation Requirements, including: at least one well-publicized public hearing and the adoption of a CDBG grievance procedure, assurance that all CDBG program requirements will be met, and
- Submittal of an unconditional, irrevocable letter of credit drawn from a financial institution acceptable to Commerce in the amount of the request. Commerce may require that the letter of credit be enlarged to cover accrued interest.

Eligible Activities

Float-Funded Activities can accommodate almost any type of private sector business or nonprofit organization that has the legal authority to borrow funds. This includes owner-users, developers, and quasi-public corporations such as ports, limited partnerships,

general partnerships, proprietorships and community organizations. Float-Funded Activities can be made in support of CDBG-eligible economic development projects.

Float-Funded Activities priority ventures include business projects that will:

- Meet public benefit criteria, as defined by HUD;
- Have an identifiable funding or return on investment gap preventing the project from being accomplished;
- Meet either the HUD National Objective of creation or retention of job opportunities principally benefiting low- and moderate-income persons or of principally benefiting low- and moderate-income persons or families;
- Create or retain job opportunities benefiting low- and moderate-income persons;
- Increase cash flow into the community by diversifying and expanding the economic base; and
- Assist business or community development projects that require infrastructure or housing investments.

Participating businesses may be involved in any of the following activities:

- Manufacturing or other industrial production;
- Agricultural development or food processing;
- Aquaculture development or seafood processing;
- Development or improved utilization of natural resources;
- Tourism facilities;
- Transportation or freight facilities;
- Retail or service enterprises that will expand the community's economic base rather than redistribute an existing customer base; and
- Other activities representing new technology or a type of economic enterprise that is needed to diversify or stabilize the economic base of an area.

A business that faces a relatively high probability of layoffs needs to demonstrate that:

- Prospects for a turn-around of profitability are good;
- The economic fabric of the community would be significantly damaged through the projected loss of jobs; or
- The business has a record of providing jobs for which low-income persons are eligible.

Funds can be loaned to a business for acquisition, design and engineering, improvement, rehabilitation, construction, operation or maintenance of any property, real or personal, which is used or is suitable for use by an economic enterprise (subpart CFR 570.203). Working capital term loans are eligible.

Ineligible Activities

Activities not eligible for Float-Funded Activities include:

- Those activities that do not meet public benefit criteria, as defined by HUD.

Requirements for Funding

The interim use of CDBG funds will be allowed only if the following requirements are met:

- The business must demonstrate that public financing of the project provides a public benefit that at least meets or exceeds HUD requirements to create or retain jobs. HUD's requirement for individual businesses is a maximum of \$50,000 assistance per full-time equivalent, permanent job created or retained. Commerce guidelines are flexible and average around \$25,000 assistance per FTE job created or retained;
- The business or project sponsor must provide for the benefit of the local government/Commerce an unconditional, irrevocable letter of credit in U.S. dollars in the full amount of the principal, plus interest if required, due under the loan from a financial institution acceptable to Commerce;
- The business must agree to create jobs, the majority of which will be made available to low- and moderate-income individuals. Retention of jobs can also be considered as a qualifying factor;
- The business must enter into a First Source Agreement with a local Job Service Center or private employment agency. The purpose of the agreement is to identify and place certified disadvantaged (i.e., low- and moderate-income) workers in non-managerial jobs created by the project;
- Rates of interest and other loan terms are determined by the needs of the project and by competitive factors; and
- The business must agree to comply with all applicable federal, state and local laws and regulations.

Method of Funding Distribution

Applications for Float-Funded Activities will be evaluated on an individual bases using the following criteria:

- Need for assistance – The assistance requested meets the public benefit criteria, as defined by HUD; and
- Job creation – Permanent jobs created or retained as a result of the project will be made available to low- and moderate-income persons.

CDBG and International Trade and Economic Development (ITED) division staff will review each application. Additional information will be requested if needed. Staff will decide whether or not the project meets the above-stated criteria and the funds will be authorized by Commerce's designee. If funds are available, a Float-Funded Activity Grant will be awarded to the applicant. Commerce reserves the right to require payment of a loan to a business, developer or local government made through a Float-Funded Activity at any time, when it is in the best interest of the program.

Use of Float-Funded Activity Program Income

Local governments receiving a Float-Funded Activity award will be required to return the full principal plus interest to Commerce. Float-Funded Activity program income will be treated as additional CDBG funds subject to 24 CFR 570.489 Subpart I, and will be

distributed to units of general local government in accordance with the state's approved annual method of distribution. Float-Funded Activity program income may also be used to reimburse administrative expenses incurred by the program staff directly involved in packaging Float-Funded Activity projects.

Other 2010 CDBG Program Guidelines

Reallocated Funds

Reallocated funds are those that HUD has recaptured from a grantee and reallocated to the state in accordance with the Community Development Act of 1974, as amended. Reallocated funds that are received by the state with the annual grant will be made available to eligible local governments through 2010 funding distribution processes in accordance with the methods of distribution described in this statement.

Recaptured Funds

Recaptured funds are funds that remain unused by grantees at the point of the grant agreement's completion and are deobligated. These funds will be redistributed according to the guidelines in this section.

Recapture of Funds Policy

It is Commerce's policy to recapture and retain (deobligate) unspent CDBG funds from any CDBG award when it is clear that the recapture will not preclude local ability to complete approved activities. Most commonly, funds are recaptured during the administrative closeout process of a CDBG grant agreement.

For General Purpose Grants only, an exception to this policy may be made under the following special circumstance:

- Up to 2 percent of the grant recipient's total grant amount, to a maximum of \$10,000, may be retained for CDBG eligible activities, subject to written approval by Commerce;
- Use of unexpended funds for new activities will be limited to instances where previously approved project activities will be measurably enhanced as reviewed and approved by Commerce; and
- The use for which a local government requests to retain unexpended funds must meet CDBG rating criteria and the Action Plan criteria for the year in which the funds were originally awarded.

Use of Recaptured Funds

Recaptured funds will be placed within the Contingency Fund and distributed in a manner that is consistent with the overall goals, objectives and guidelines of this Action Plan.

Remaining Funds

Remaining funds are funds that have not been, or are no longer intended to be distributed according to the method of distribution for annual grants. This can be an amount left over after awarding grants within an individual CDBG program, but too small to fully fund an application.

Funds not distributed by the end of the CDBG program year, December 31st, will be placed in the Contingency Fund and distributed in a manner that is consistent with the overall goals, objectives and guidelines of this Action Plan.

Change in Use Policy

All real property acquired or improved with CDBG funds must be used to benefit the intended low- and moderate-income beneficiaries for at least ten years from the administrative closeout date of the CDBG grant agreement between Commerce and the grantee local government. Any proposed change in use must follow the steps outlined in 24 CFR 570.489(j).

Entitlement/Non-Entitlement Policy

The state CDBG program can fund projects benefiting both entitlement and non-entitlement area residents only when at least 51 percent of the project beneficiaries are documented as being full-time residents of non-entitlement areas and other conditions are met, as outlined in the state CDBG program's Entitlement/Non-Entitlement Policy that is available upon request.

Program Income

Program income is any income generated from the use of CDBG program funds that totals at least \$25,000 in a calendar year, in accordance with 24 CFR 570.489(e).

Under federal CDBG regulations, it is Commerce's option to require local governments return program income to the state or to allow the local government to use the program income for current and future CDBG eligible activities. Commerce has decided to allow local governments to use their program income for CDBG eligible activities if the local government has a Program Income Plan approved by Commerce.

Program income received during an open CDBG grant, whether from current activities or prior activities, must be used prior to drawing additional CDBG grant funds, and must be accounted for on each payment request to Commerce.

Program income earned after project completion, but before administrative closeout, may be subject to the Recapture of Funds Policy.

Program income received by the local government or its subrecipient after project completion and administrative closeout, retains its federal identity and must be reported to Commerce annually if it exceeds \$25,000 in any calendar year.

Under 24 CFR 570.489(e)(2)(ii), which exempts program income for activities carried out by neighborhood-based nonprofit organizations authorized under Section 105(a) of the Act, Commerce may, with prior approval, allow a local government's qualified subrecipient to retain program income for the continuance of eligible activities and to release its federal identity and reporting requirements.

Rural Washington Loan Fund Grants (RWLF)

Businesses receiving assistance through RWLF are required to make principal and interest payments. Up to 2 percent of program income including principal, interest and

investment earnings received by the fund may be used for RWLF program administration. The balance of program income will be made available for future loans through the RWLF program, in a manner that is consistent with the overall goals and objectives of the RWLF program.

Float-Funded Activities

Local governments receiving a Float-Funded Activity award will be required to return the full principal plus interest to Commerce. Float-Funded Activity program income will be treated as additional CDBG funds subject to 24 CFR 570.489 Subpart I, and will be distributed to units of general local governments in accordance with the state's approved annual method of distribution. Float-Funded Activity program income may also be used to reimburse administrative expenses incurred by program staff directly involved in packaging float-funded projects.

Miscellaneous Revenue

The estimated amount of program income expected to be received in 2010 from float-funded activities is \$174,938.

Float-Funded Activities - No float-funded defaults are anticipated in 2010 since float-loans are secured by bank-supported irrevocable letters of credit, which are renewed annually to stay in effect. Refer to Table 17 below for a detail of current float loans.

Table 17: Detail of Current CDBG Float Loans

Detail of Estimated 2010 Program Income from New and Current Float-Funded Activities	Location	Float-Funded Activities Amount	Estimated 2010 Income	Issue Date	Due Date
Town of Tenino	Tenino	\$3,938,000	\$78,760	2007	1/31/2011
Signature Transport	Kelso	\$440,000	\$17,503	2007	4/10/2010
Grassland West	Clarkston	\$340,000	\$6,800	2005	2/18/08*
Barr Tech, LLC	Lincoln County	\$2,000,000	\$32,500	2009	2/13/2012
R and R Trading Co., Inc.	Cowlitz County	\$1,050,000	\$39,375	2007	2/28/2010
TOTALS:		\$7,768,000	\$174,938		

* Grassland West: The letter of credit securing this loan was withdrawn by the issuer without the Department of Commerce being notified by the co-beneficiary. Substitute collateral in the form of a first Deed of Trust on commercial real estate was negotiated. The loan balance has now been demanded. If not paid in a reasonable period of time, Commerce will commence foreclosure proceeding on the commercial real estate. No loss is anticipated.

Table 18: Detail of Existing Section 108 Loan Guarantee Projects

Detail of Existing Section 108 Loan Guarantee Projects	Location	Year	Original Amount	Balance as of 9/2009	CDBG Fund Losses	Maturity Date
Shilo Inn	Ocean Shores	1994	\$3,600,000	\$1,185,000	\$0	1-Aug-14
Everybody's of Raymond	Raymond	2001	\$1,960,000	\$920,000	\$0	1-Aug-16
Grays Harbor PDA	Grays Harbor Co.	2001	\$4,565,000	\$3,815,000	\$0	1-Aug-21
Maritime Center	Port Townsend	2002	\$1,000,000	\$690,000	\$0	1-Aug-23
Total:			\$11,125,000	\$6,610,000	\$0	

Table 19: Section 108 Loan Guarantee Available in 2010

Section 108 Loan Guarantee Available in 2010	Amount
Obligated as of 9/01/09	\$6,610,000
Unobligated as of 9/01/09	\$8,390,000
Total	\$15,000,000